



MUNISIPALITEIT SIYATHEMBA MUNICIPALITY



FINAL ANNUAL BUDGET 2014/2015 to 2016/2017

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MEDIUM TERM REVENUE & EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Draft Budget 2014-2015

1.1 Mayor's Report

Final Budget Address by Mayor of Siyathemba Municipality in the Council Chambers in Prieska at 10:00 on 30 May 2014

South Africa, which includes Siyathemba, has done it again!

We held peaceful elections on 07 May 2014 and the post-election period has been characterised by the smooth transition from one administration to another.

Also by now we know that the ANC has been overwhelmingly mandated by the people of our country to lead the transformation process towards improving the lives of our people.

We are humbled by the trust our people entrust us with once more.

Let us not fail them in taking the good story to a better story in Together We Move South Africa Forward.

The main purpose of this budget period is to ensure that every household is getting the service delivery as per our minimum standards of delivery, and to improve where there are gaps.

After approval of the draft budget we make it available in our libraries, on our website and also go out to our communities and explain the commitments, our challenges and opportunities.

Place	Date	Hall
Niekerkshoop	16 May 2015	Community Hall
Marydale	16 May 2015	Community Hall
Prieska	18 May 2015	City Hall
Prieska	19 May 2015	Kerk van Herlewing
Prieska	21 May 2015	Omega Hall

Our people express their thanks and also their wishes and fears in their daily lives to make ends meet. Our people accepted that all had to make a contribution towards paying for services delivered and thank government for protecting the most vulnerable by subsidising basic services.

We received written three written inputs and matters raised was around tariff increases and assets not use to generate income and suggestions for swimming pool and ways to improve the physical conditions of our areas.

The error of R15000 instead of R25000 discount for property rates was corrected.

We thank the individuals and organisation for taking the time out to assist the Municipality by their involvement and participation in our engagement processes.

Also, we need to point out the lack of participation of sector departments in our engagement processes.

We present to the public at large the following tariffs increases and would engage the sectors of society around these proposals in the weeks to come and by 31 May 2014 conclude on them and present our final budget to Council for the next final period (01 July 2014 to 30 June 2015).

We present a budget to you where the tariffs for electricity and rate and taxes have been kept in line at 6.2% increase as per the Treasury guidelines.

Refuse and water and sanitation are the proposal 9.9% increase.

All other tariffs are recommended to increase at 10%.

The rand value of these increases means R5.4 for refuse, R10.6 for septic tanks; sanitation is R15.7 and water from R0.4 to R0.7 (vat excl).

We also ask the public to agree with us on the introduction of the following new tariffs:

1. Rate of R80 (vat excl.) per hour or part thereof for our traffic services during motorcades
2. Rate of R800 (vat excl.) per month for business premises where no rezoning exist
3. Annual rate of R500 (vat incl) for affiliation of Dance School

Taking the full life cycle it will cost R11.00 more to be buried in the Bonteheuwel graveyard at a cost of R137.40

We also need to indicate that the cost for the use of our community's halls for the purposes of weddings and anniversaries and celebrations has been decreased by means of changing the classification to different category.

We are fully aware of the socio economic circumstances in the Country and the world and we will continue to subsidise our indigents and we call on our governance structures (councilors, ward committees and CDW's) to ensure delivery.

We can also confirm that part of our good story that Siyathemba Municipality has successfully build 206 houses in the previous financial period and the building of 54 houses in Niekerkshoop and 55 in Marydale and 3 additional individual subsidies is in process to be build.

A Further 310 plots (around Uitbreiding 15) is in process to be serviced.

Thus the tariffs above give real meaning to the lives of real people in our society.

We are aware that we can improve on this performance for housing in the middle income group because there's available serviced plots for years not developed. Engagement on this aspect is also envisaged.

The type of water and sanitation services rendered at these premises various because of the availability of water in our communities.

The other tariffs present here today also highlight the opportunities in the area of drawing of building plans because.

Honorable Councilors we present a total budget of:

Operational income	R73.9m
Capital grants	R17.1m
Total income and grants	R91.0m
Expenditure (including capital)	R87.5m
Projected surplus	R3.5m

Over the years it has remain a challenge for Council to collect what is due and we anticipate a collection rate of 70%, currently at 60%. Thus a point for action.

Our main categories of expenditure remain salaries at R39.1m (Councilors excluded), materials and bulk purchases at R14.1m and other expenditure at R20m.

Other developments to note in our Municipal area include:

- Solar Energy developments under construction and construction about to begin soon around Copperton,
- Beneficiation of tigers eye at Hospice building in partnership with Mintek
- Aqua culture fishery by DTi
- Public Private Partner agreement with Treasury to develop Die Bos

In order to improve our cash flow position and address our collection rate we will pursue the possibility to distribute electricity in all residential areas in our Communities.

Our Municipality is in a developmental phase and earmark for mayor developments and we should improve our reputation and image and our processes and procedures in services delivery to reflect that.

The appointment of the CFO and Infrastructure Manager remain a priority and is projected to have these positions filled by the start of the financial period of 01 July 2014.

Progress has been made with the appointment of the Audit Committee of Pixley ka Seme District Municipality and we can confirm today there appointment.

The 17 audit outcomes in our prior financial period for which the AG has disclaimed our Municipality is in the process to be address and a better audit outcome is anticipated for the current financial period.

In going forward we have place the following before our communities:

1. Payment for water delivery into our households by means of pre-paid. Pilot process we indicate the viability and before roll out will the community be consulted
2. Takeover of electricity supply in the residential areas by the Municipality where Eskom is currently supplying the electricity
3. Consideration of lease of vehicles for service delivery purposes instead of buying them, this include a mayoral vehicle and our IT equipment
4. Consider in the next financial period a block tariff for residential homes with the same tariff for the first home

5. Develop a monitoring mechanism for the 30% discount given for not delivering basic services on the farms to ensure a standard and availability of the basic services on the farms
6. In the next financial period consider the an adjustment in the 20% discount given to government departments on rates and taxes
7. Sort out all contracts where municipal assets are used for business purposes by individuals and other organizations

We thank our Managers for the work done to ensure delivery of our hope in the future that find expression in the tabling of the final budget today.

Thank you.

The Honourable Mayor
Piet Papier
30 May 2014

1.2 Council Resolutions

On 31 March 2014 the Council of Siyathemba Local Municipality met in the Hall of Siyathemba Municipality in Prieska to consider the draft budget of the municipality for the financial year 2014-15. The Council approved and adopted the following resolutions:

1. The Council of Siyathemba Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on [page 24](#);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on [page 26](#);
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on [page 28](#); and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in [Table 22 on page 30](#).
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on [page 32](#);
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on [page 34](#);
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on [page 34](#);
 - 1.2.4. Asset management as contained in Table 26 on [page 36](#); and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on [page 38](#).
2. The Council of Siyathemba Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from [1 July 2012](#):

- 2.1. the tariffs for property rates – as set out in Annexure B,
 - 2.2. the tariffs for electricity – as set out in Annexure B
 - 2.3. the tariffs for the supply of water – as set out in Annexure B
 - 2.4. the tariffs for sanitation services – as set out in Annexure B
 - 2.5. the tariffs for solid waste services – as set out in Annexure B
3. The Council of Siyathemba Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs for other services, as set out in Annexure G1 to G21 respectively.
 4. To give proper effect to the municipality's annual draft budget, the Council of Siyathemba Municipality Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 66 and 67 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;

- The increased cost of bulk water and electricity (due to tariff increases Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2014/15 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2014/15 MTREF

R Thousand	Adjusted Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Total Operating Revenue	62,574,000	73,988,000	78,834,000	83,674,000
Total Operating Expenditure	87,335,000	88,086,000	93,945,000	99,294,000
Surplus / (Deficit)	-24,761,000	-14,098,000	-15,111,000	-15,621,000
Total Capital Expenditure	34,017,000	17,283,000	18,317,000	19,219,000
Surplus / (Deficit) after capital transfers and contributions	9,256,000	3,185,000	3,206,000	3,598,000

Total operating revenue has grown by R11.4million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase to and increase R4.8million and by R4.8million respectively.

Total operating expenditure for the 2014/15 financial year has been appropriated at R87.5 million and translates into a budgeted surplus of R3.5 million. When compared to the 2013/14

Adjustments Budget, operational expenditure has grown by 94 per cent in the 2014/15 budget. The operating surplus for the two outer years increases to R3.6 million and then to R4.1 million.

The capital budget decreases to R17.08 million for 2014/15 more when compared to the 2013/14 Adjustment Budget. The capital programme decreases to R17.million in the 2014/15 financial year and then increases with 2016/17 to R18.2 million. All capital over the MTREF will be financed by Grants from National and Provincial government. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has remained the same and will continue over the next five years due to new loans taken up in the past year, as a result of the need to replace specialised vehicles needed to meet the increased demand in services to be delivered. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Siyathemba Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 70% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

NC077 Siyathemba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)									
Standard Classification Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard									
<i>Governance and administration</i>	16,925	19,662	21,639	24,857	24,066	24,066	27,038	28,851	30,718
Executive and council	618	1,098	721	635	705	705	673	713	752
Budget and treasury office	15,654	17,821	19,658	23,349	22,555	22,555	25,417	27,150	28,898
Corporate services	653	744	1,260	874	806	806	948	988	1,069
<i>Community and public safety</i>	414	418	520	809	891	891	1,016	1,647	1,898
Community and social services	378	378	478	749	831	831	950	1,577	1,824
Sport and recreation	—	—	—	—	—	—	—	—	—
Public safety	—	—	—	—	—	—	—	—	—
Housing	35	40	41	60	60	60	66	70	74
Health	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	13,584	13,845	14,404	13,953	29,358	29,358	11,167	11,424	11,913
Planning and development	—	—	—	—	—	—	—	—	—
Road transport	13,584	13,845	14,404	13,953	29,358	29,358	11,167	11,424	11,913
Environmental protection	—	—	—	—	—	—	—	—	—
<i>Trading services</i>	24,213	30,043	41,146	53,283	42,275	42,275	52,050	55,229	58,363
Electricity	9,328	12,333	14,946	26,644	23,276	23,276	31,966	33,852	35,713
Water	7,564	10,935	18,066	10,990	9,008	9,008	9,304	9,853	10,395
Waste water management	5,024	4,659	5,414	11,412	7,599	7,599	8,230	8,737	9,228
Waste management	2,298	2,115	2,721	4,237	2,392	2,392	2,550	2,788	3,026
Other	—	—	—	—	—	—	—	—	—
Total Revenue - Standard	55,136	63,968	77,709	92,902	96,590	96,590	91,271	97,151	102,892
Expenditure - Standard									
<i>Governance and administration</i>	24,250	29,500	29,305	43,727	36,431	36,431	37,486	39,716	42,116
Executive and council	4,816	7,395	11,669	7,813	6,620	6,620	8,492	9,118	9,535
Budget and treasury office	19,433	18,622	13,368	27,453	23,690	23,690	22,934	24,196	25,678
Corporate services	—	3,483	4,268	8,461	6,121	6,121	6,060	6,402	6,904
<i>Community and public safety</i>	2,425	2,252	3,015	3,969	3,942	3,942	4,422	5,265	5,739
Community and social services	444	862	920	1,359	1,290	1,290	1,600	2,264	2,547
Sport and recreation	962	1,383	2,082	2,604	2,646	2,646	2,815	2,994	3,185
Public safety	1,019	1	13	6	6	6	7	7	7
Housing	—	—	—	—	—	—	—	—	—
Health	—	7	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	4,593	9,574	8,633	13,073	9,954	9,954	11,291	11,863	12,590
Planning and development	4,593	—	—	—	—	—	—	—	—
Road transport	—	9,562	8,613	13,053	9,934	9,934	11,271	11,843	12,570
Environmental protection	—	12	21	20	20	20	20	20	20
<i>Trading services</i>	25,869	24,055	24,321	44,737	37,003	37,003	34,877	37,091	38,838
Electricity	13,816	10,574	13,307	20,607	20,107	20,107	17,088	18,080	19,114
Water	4,482	6,917	4,201	8,040	5,983	5,983	6,216	6,699	6,627
Waste water management	5,372	3,883	3,628	8,746	5,083	5,083	5,235	5,569	5,925
Waste management	2,199	2,681	3,185	7,343	5,829	5,829	6,338	6,743	7,171
Other	2	6	4	10	5	5	10	10	11
Total Expenditure - Standard	57,139	65,387	65,278	105,516	87,335	87,335	88,086	93,945	99,294
Surplus/(Deficit) for the year	(2,003)	(1,419)	12,431	(12,613)	9,256	9,256	3,185	3,206	3,598

Table 3 Percentage growth in revenue by main revenue source

NC077 Siyathemba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote									
Vote 1 - EXECUTIVE AND COUNCIL	618	1,098	721	635	705	705	673	713	752
Vote 2 - BUDGET & TREASURY OFFICE	15,654	17,821	19,658	23,349	22,555	22,555	25,417	27,150	28,898
Vote 3 - CORPORATE SERVICES	561	2,354	2,754	2,811	2,730	2,730	3,396	4,328	4,920
Vote 4 - TECHNICAL & ENGINEERING SERVICES	38,302	42,695	54,576	66,108	70,600	70,600	61,786	64,961	68,323
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	55,136	63,968	77,709	92,902	96,590	96,590	91,271	97,151	102,892
Expenditure by Vote to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	4,819	7,402	11,669	7,813	6,620	6,620	8,492	9,118	9,535
Vote 2 - BUDGET & TREASURY OFFICE	19,433	18,622	13,368	27,453	23,690	23,690	22,934	24,196	25,678
Vote 3 - CORPORATE SERVICES	7,275	5,880	6,636	11,732	9,097	9,097	9,666	10,785	11,705
Vote 4 - TECHNICAL & ENGINEERING SERVICES	27,185	33,483	33,605	58,519	47,928	47,928	46,995	49,845	52,377
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	58,712	65,387	65,278	105,516	87,335	87,335	88,086	93,945	99,294
Surplus/(Deficit) for the year	(3,576)	(1,419)	12,431	(12,613)	9,256	9,256	3,185	3,206	3,598

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than half of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges will total R44.3million. This increases to R47.1million, R49.8million in the respective financial years of the MTREF. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 99).

Refuse is the smallest revenue source from services totalling R2.7million rand and increases to R3million by 2015/16. The smallest source is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R22.4million in the 2014/15 financial year and steadily increases to R25.0million by 2016/17.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

NC077 Siyathemba - Supporting Table SA18 Transfers and grant receipts

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	–	–	–	27,046	27,046	27,046	26,679	27,614	28,049
Local Government Equitable Share				21,171	21,171	21,171	22,445	24,197	24,931
Finance Management				1,650	1,650	1,650	1,800	1,950	2,100
Municipal Systems Improvement				890	890	890	934	967	1,018
Bucket Eradication				2,335	2,335	2,335	500	500	–
Expanded Public Works Programme				1,000	1,000	1,000	1,000		
Energy Efficiency and Demand Management									
Municipal Infrastructure (MIG)									
Vat Reclaimed									
Other transfers/grants [insert description]									
Provincial Government:	–	–	–	695	695	695	891	1,515	1,759
Housing									
Library Services Conditional Grant									
Finance Management									
Community Development Worker Operational Grant									
Housing Consumer Education									
Library Grant				695	695	695	891	1,515	1,759
Hiv Program									
Land for Provision of Industrial & Residential Purposes									
Public Transport Infrastructure									
Provincial Highways									
Performance Management System									
Mbekweni Business Hive									
Sport facilities									
Soccerfield									
Greenest competition									
Swartberg street concrete bins									
Berg River Pollution study									
Other transfers/grants [insert description]									
District Municipality:	–	–	–	–	–	–	–	–	–
[insert description]									
Other grant providers:	–	–	–	–	–	–	–	–	–
Annual update of Water & Sewerage Masterplans									
Water Services Asset Management									
Annual update of WSDP									
Writing Festival									
Department of Water Affairs Feasibility Study									
Land for Prov of Industrial & Res Property									
Bulk water resources study									
Performance Management System									
Training Levy Grant									
Other transfers and grants [insert description]									
Cape Winelands - ID Campaign									
Stormwater Masterplan									
Nedbank Contractor Development Programme									
Abor city									
Water and Sewerage repairs									
Lottery									
Greenest Municipality									
Grants: Other									
Development of Sport and Recreation facilities									
Total Operating Transfers and Grants	–	–	–	27,741	27,741	27,741	27,570	29,129	29,808
Capital Transfers and Grants									
National Government:	–	–	–	18,300	18,300	18,300	11,708	9,702	9,929
Municipal Infrastructure (MIG)				11,800	11,800	11,800	9,708	9,702	9,929
Water Demand Management Grant (DWAF)									
Water Services Asset Management									
NER									
RBIG				6,500	6,500	6,500	2,000		
Vat Reclaimed									
Provincial Government:	–	–	–	–	–	–	–	–	–
Provincial Highways									
Library Grant									
Maintenance and Construction of Transport									
Housing Siyashala									
District Municipality:	–	–	–	–	–	–	–	–	–
[insert description]									
Other grant providers:	–	–	–	–	–	–	–	–	–
Electrification funding									
Soccerfield									
Cmp Projects									
Dajosaphat Sintetiese Atletiekbaan									
Mbekweni Business Hive									
T/P: Toekenning vir Infrastruktuur Projek CWI									
Tarring of Sidewalks OR Tambo									
Upgrade of Taxi Ranks									
Berg River Pollution Study									
Hermon Water Aansluiting									
Emergency Kits OR Thambo Informal Settlement									
Bulk Services Levy - Water & Sewerage									
Bulk Services Levy - Electricity									
Total Capital Transfers and Grants	–	–	–	18,300	18,300	18,300	11,708	9,702	9,929
TOTAL RECEIPTS OF TRANSFERS & GRANTS	–	–	–	46,041	46,041	46,041	39,278	38,831	39,737

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 25 per cent rebate will be granted on all state owned properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;

- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 6.2 per cent increase from 1 July 2014 is contained below:

Table 5 Comparison of proposed rates to be levied for the 2014/2015 financial

Category	Current Tariff (1 July 2013)	Proposed tariff (from 1 July 2014)
	C	C
Residential properties	0.01882855	0.0199959578
State owned properties	0.03766000	0.3999492
Business & Commercial	0.0244800	0.02599776
Agricultural	0.0002627500	0.00027904

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 9.9 per cent from 1 July 2014 for water is proposed. This is based on input cost of inputs increasing by 9.9 per cent.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2014/15
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 0 to 6 kℓ	4.7	4.5
(ii) 7 to 12 kℓ	5.2	5.0
(iii) 13 to 50 kℓ	5.8	5.6
(iv) 51 to 150 kℓ	6.7	6.5
(iv) +150 kℓ	8.0	7.8

The tariff structure of the 2014/15 financial year has been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing as consumption increases.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 7.39 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Registered indigents will again be granted 50 kWh per 30-day period free of charge

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 7 Comparison between current electricity charges and increases (Domestic)

BESKRYWING	2014/2015	2014/2015	% Verhoging	2013/2014	2013/2014
	BTW INGESLUIT	Tarief		BTW INGESLUIT	Tarief
C) HUISHOUELIK					
Vir huishoudelike toevoere waar konvensionele meettoerusting gebruik word :					
a) Energieheffing c/kwh	1.25	1.1	7.39	1.16	1.0
b) Basiesheffing per maand	378.83	332.3	7.39	352.76	309.4
D) VOORAFBETAALD					
Van toepassing vir enkelfase-toevoere waar 'n voorafbetaalde metingsteisel gebruik word:					
a) Energieheffing c/kwh	1.54	1.3519	7.3900	1.4351	1.2589
b) Basiesheffing per maand					

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the

higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. It is therefore proposed that the taking up of loans as a strategy for funding of the infrastructure be considered and approved to spread the burden over the life span of the assets. As part of the 2014/15 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 9.9 per cent for sanitation from 1 July 2014 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 9.9 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the type of consumer and the level of service provided as indicated in the table below;
 - Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R2.5 million for the 2014/15 financial year.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

<i>Riooltarief</i>					
Beboude woonerwe (Huishoudings)	199.2	174.7	9.9	181.3	159.0
Kerke,kerksale,Sport en welsyn	132.8	116.5	9.9	120.9	106.0
Besighede	313.7	275.2	9.9	285.4	250.4
Besighede -Ekstra potte	93.6	82.1	9.9	85.2	74.7
Onbeboude staatsrwe	1,056.2	926.5	9.9	961.0	843.0
Kontrakteurs	659.4	578.4	9.9	600.0	526.3

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a small surplus. The main contributors to expenditure are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 9.9 per cent increase in the waste removal tariff is proposed from 1 July 2014. Higher increases will not be viable in 2014/15 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 10 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2015:

Table 9 Comparison between current waste removal fees and increases

BESKRYWING	2014/2015	2014/2015	% Verhoging	2013/2014	2013/2014
	BTW INGESLUIT	Tarief		BTW INGESLUIT	Tarief
<i>Vullis</i>					
<i>Per standaard Drom per maand</i>					
Prieska	68.9	60.5	9.9	62.7	55.0
Marydale	68.9	60.5	9.9	62.7	55.0
Niekerkshoop	68.9	60.5	9.9	62.7	55.0

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to a maximum percentage of 9.9%.

NC077 Siyathemba - Supporting Table SA14 Household bills

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		590.49	627.10	661.96	661.96	661.96	661.96	6.2%	703.01	741.67	781.72
Electricity: Basic levy		246.66	296.93	329.68	356.05	356.05	356.05	6.2%	378.13	398.92	420.47
Electricity: Consumption		434.29	522.80	580.46	626.90	626.90	626.90	7.4%	673.23	710.26	748.61
Water: Basic levy		206.55	222.46	255.82	276.29	276.29	276.29	9.9%	303.64	320.34	337.64
Water: Consumption		362.64	390.56	449.15	485.08	485.08	485.08	9.9%	533.10	562.42	592.80
Sanitation		133.29	143.35	164.85	178.04	178.04	178.04	9.9%	195.66	206.43	217.57
Refuse removal		48.43	52.16	59.99	64.79	64.79	64.79	9.9%	71.20	75.11	79.17
Other											
sub-total		2,022.35	2,255.35	2,501.92	2,649.11	2,649.11	2,649.11	7.9%	2,857.97	3,015.16	3,177.98
VAT on Services											
Total large household bill:		2,022.35	2,255.35	2,501.92	2,649.11	2,649.11	2,649.11	7.9%	2,857.97	3,015.16	3,177.98
% increase/-decrease			11.5%	10.9%	5.9%	—	—		7.9%	5.5%	5.4%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		272.71	289.62	305.72	330.18	330.18	330.18	6.2%	350.65	369.93	389.91
Electricity: Basic levy		246.66	296.93	329.68	362.65	362.65	362.65	6.2%	385.13	406.31	428.25
Electricity: Consumption		191.99	231.12	256.61	282.27	282.27	282.27	7.4%	303.13	319.81	337.07
Water: Basic levy		44.39	47.80	54.97	60.47	60.47	60.47	9.9%	66.46	70.11	73.90
Water: Consumption		33.98	36.59	42.08	46.29	46.29	46.29	9.9%	50.87	53.67	56.57
Sanitation		133.23	143.29	164.78	181.26	181.26	181.26	9.9%	199.21	210.16	221.51
Refuse removal		48.43	52.16	59.99	65.98	65.98	65.98	9.9%	72.52	76.51	80.64
Other											
sub-total		971.38	1,097.51	1,213.83	1,329.10	1,329.10	1,329.10	7.4%	1,427.96	1,506.50	1,587.85
VAT on Services											
Total small household bill:		971.38	1,097.51	1,213.83	1,329.10	1,329.10	1,329.10	7.4%	1,427.96	1,506.50	1,587.85
% increase/-decrease			13.0%	10.6%	9.5%	—	—		7.4%	5.5%	5.4%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		34.35	36.48	38.50	41.58	41.58	41.58	6.2%	44.16	46.59	49.11
Electricity: Basic levy		—	—	—	—	—	—	6.2%	—	—	—
Electricity: Consumption		—	—	—	—	—	—	7.4%	—	—	—
Water: Basic levy		60.66	65.33	75.13	82.64	82.64	82.64	9.9%	90.83	95.82	101.00
Water: Consumption		80.74	86.96	100.00	110.00	110.00	110.00	9.9%	120.89	127.54	134.43
Sanitation		45.69	49.14	56.51	62.16	62.16	62.16	9.9%	68.32	72.07	75.96
Refuse removal		—	—	—	—	—	—	9.9%	—	—	—
Other											
sub-total		221.44	237.90	270.14	296.39	296.39	296.39	9.4%	324.19	342.02	360.49
VAT on Services											
Total small household bill:		221.44	237.90	270.14	296.39	296.39	296.39	9.4%	324.19	342.02	360.49
% increase/-decrease			7.4%	13.6%	9.7%	—	—		9.4%	5.5%	5.4%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item

Expenditure By Type									
Employee related costs	20,813	26,108	29,386	36,208	35,848	35,848	39,192	41,756	44,427
Remuneration of councillors	1,172	1,760	1,949	2,381	2,381	2,381	2,575	2,740	2,916
Debt impairment	6,607	2,345	6,322	3,165	3,165	3,165	3,194	3,542	3,647
Depreciation & asset impairment	9,305	9,182	–	10,588	10,588	10,588	11,105	11,547	12,286
Finance charges	7	447	1,034	757	767	767	792	792	843
Bulk purchases	7,243	9,459	11,262	17,684	17,684	17,684	14,189	15,203	16,053
Other materials									
Contracted services	1,491	2,492	3,617	7,843	3,875	3,875	2,075	2,140	2,201
Transfers and grants	124	200	438	7,229	–	–	–	–	–
Other expenditure	11,927	13,387	11,269	19,661	13,026	13,026	14,963	16,224	16,922
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–
Total Expenditure	58,689	65,380	65,278	105,516	87,335	87,335	88,086	93,945	99,294

The budgeted allocation for employee related costs for the 2014/15 financial year totals R38.8 million, which equals 34 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement which expires at the end of the current financial year, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2014/15 financial year. An annual increase of 7 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for other critical functions.

The fact that a settlement has not been reached by the SALGBC parties in the salary dispute resulted in an uncertainty on this area of expenditure. It should be noted that the total financial implication could not be determined as the applicable municipal wage curve (representing equal pay for equal work at all municipalities in South Africa) has not been finalised.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 70 per cent. For the 2014/15 financial year this amount equates to R 3.1 million and escalates to R3.6million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWAF. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited indicating that significant cost savings have been already realised.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by from R9.4million to R10.1million. This strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 11 Repairs and maintenance per asset class:

NC077 Siyathemba - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	3,111	2,414	3,094	3,690	2,944	2,944	3,141	3,145	3,514
General vehicles	1,008	799	688	1,195	640	640	1,129	1,129	1,200
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	394	48	43	600	250	250	150	150	160
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	-	-	7	8	458	458	8	8	9
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	1,709	1,567	2,356	1,888	1,596	1,596	1,855	1,858	2,145
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	3,111	2,414	3,094	3,690	2,944	2,944	3,141	3,145	3,514
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-
R&M as a % of PPE	1.2%	0.9%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.3%
R&M as % Operating Expenditure	5.3%	3.7%	4.7%	3.5%	3.4%	3.4%	3.6%	3.3%	3.5%

For the 2014/15 financial year R3,141 of total repairs and maintenance will be spent on assets.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 2758 or more indigent households during the 2014/15 financial year, a process reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 12 2014/15 Medium-term capital budget per vote

NC077 Siyathemba - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard															
Governance and administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	417	417	417	417	417	417	417	417	417	417	417	417	5,000	6,000	6,500
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	417	417	417	417	417	417	417	417	417	417	417	417	5,000	6,000	6,500
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	743	743	743	743	743	743	743	743	743	743	743	743	8,920	7,700	8,500
Electricity	77	77	77	77	77	77	77	77	77	77	77	77	920	1,200	1,500
Water	92	92	92	92	92	92	92	92	92	92	92	92	1,100	-	-
Waste water management	575	575	575	575	575	575	575	575	575	575	575	575	6,900	6,500	7,000
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,920	13,700	15,000
Funded by:															
National Government	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,920	13,700	15,000
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,920	13,700	15,000
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,920	13,700	15,000

For 2014/15 an amount of R13.9 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget. In the outer years this amount totals R13.7 million, 100 per cent and R15 million, 100 per cent respectively for each of the financial years. Upgrading of streets receive the highest allocation of R6.9 million in 2014/15.

Total new assets represent 100 per cent or R13.9 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme

relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

The future operational costs and revenues associated with the capital programme have been included in the MTREF expenditure. This concomitant operational expenditure is expected to escalate to R15million by 2016/17. It needs to be noted that as part of the 2014/15 MTREF, this expenditure has been factored into the two outer years of the operational budget.

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.

The future operational costs and revenues associated with the capital programme have been included in the MTREF expenditure. This concomitant operational expenditure is expected to escalate to R100 million by 2017/18. It needs to be noted that as part of the 2013/14 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/2015 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 13 MBRR Table A1 - Budget Summary

NC077 Siyathemba - Table A1 Budget Summary									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance									
Property rates	4,870	4,687	5,130	8,025	7,947	7,947	8,523	9,025	9,522
Service charges	16,855	15,862	20,875	38,709	27,636	27,636	35,114	37,294	39,440
Investment revenue	71	186	314	350	350	350	400	424	447
Transfers recognised - operational	15,440	17,855	20,110	21,171	21,191	21,191	22,427	23,750	25,056
Other own revenue	1,257	4,919	4,411	6,277	5,450	5,450	7,525	8,341	9,209
Total Revenue (excluding capital transfers and contributions)	38,493	43,508	50,839	74,532	62,574	62,574	73,988	78,834	83,674
Employee costs	20,813	26,108	29,386	36,208	35,848	35,848	39,192	41,756	44,427
Remuneration of councillors	1,172	1,760	1,949	2,381	2,381	2,381	2,575	2,740	2,916
Depreciation & asset impairment	9,305	9,182	—	10,588	10,588	10,588	11,105	11,547	12,286
Finance charges	7	447	1,034	757	767	767	792	792	843
Materials and bulk purchases	7,243	9,459	11,262	17,684	17,684	17,684	14,189	15,203	16,053
Transfers and grants	124	200	438	7,229	—	—	—	—	—
Other expenditure	20,025	18,224	21,208	30,670	20,067	20,067	20,232	21,907	22,769
Total Expenditure	58,689	65,380	65,278	105,516	87,335	87,335	88,086	93,945	99,294
Surplus/(Deficit)	(20,196)	(21,872)	(14,438)	(30,983)	(24,761)	(24,761)	(14,098)	(15,111)	(15,621)
Transfers recognised - capital	16,643	20,459	26,870	18,370	34,017	34,017	17,283	18,317	19,219
Contributions recognised - capital & contributed assets	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(3,553)	(1,413)	12,431	(12,613)	9,256	9,256	3,185	3,206	3,598
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(3,553)	(1,413)	12,431	(12,613)	9,256	9,256	3,185	3,206	3,598
Capital expenditure & funds sources									
Capital expenditure	12,122	15,307	17,838	23,035	34,200	34,200	13,920	13,700	15,000
Transfers recognised - capital	12,122	15,307	17,838	20,635	34,200	34,200	13,920	13,700	15,000
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—
Internally generated funds	—	—	—	—	—	—	—	—	—
Total sources of capital funds	12,122	15,307	17,838	20,635	34,200	34,200	13,920	13,700	15,000
Financial position									
Total current assets	6,403	11,525	10,652	62,937	7,205	7,205	7,739	5,185	5,389
Total non current assets	254,488	260,568	283,931	342,658	276,253	276,253	276,314	278,866	279,845
Total current liabilities	13,755	24,880	21,793	21,804	13,991	13,991	14,835	12,209	10,505
Total non current liabilities	14,118	15,287	17,190	15,695	24,163	24,163	15,695	16,147	16,587
Community wealth/Equity	233,018	231,927	255,599	228,411	251,605	251,605	253,523	255,695	258,142
Cash flows									
Net cash from (used) operating	12,902	14,259	18,498	3,947	22,931	22,931	23,947	13,974	14,812
Net cash from (used) investing	(12,142)	(15,296)	(17,795)	(23,032)	(23,032)	(23,032)	(23,032)	(13,655)	(12,918)
Net cash from (used) financing	(44)	2,193	(406)	(361)	(520)	(520)	(361)	(415)	(478)
Cash/cash equivalents at the year end	147	1,303	1,600	(23,730)	1,000	1,000	1,554	1,458	2,874
Cash backing/surplus reconciliation									
Cash and investments available	177	1,324	1,621	1	1	1	1	1	1
Application of cash and investments	3,434	10,589	11,106	(25,459)	6,052	6,052	3,818	4,249	2,065
Balance - surplus (shortfall)	(3,258)	(9,265)	(9,485)	25,460	(6,051)	(6,051)	(3,817)	(4,248)	(2,064)
Asset management									
Asset register summary (WDV)	12,122	15,308	15,702	11,209	11,177	11,177	13,952	13,731	15,029
Depreciation & asset impairment	9,305	9,182	—	10,588	10,588	10,588	11,105	11,547	12,286
Renewal of Existing Assets	—	—	—	—	—	—	—	—	—
Repairs and Maintenance	3,111	2,414	3,094	3,690	2,944	2,944	3,141	3,145	3,514
Free services									
Cost of Free Basic Services provided	8,267	3,936	4,075	2,627	2,627	2,627	9,273	9,783	10,321
Revenue cost of free services provided	5,476	6,600	10,398	10,398	10,398	10,398	10,980	11,595	12,244
Households below minimum service level									
Water:	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	1	1	1	1	1	1	1	1	1
Energy:	0	0	0	0	0	0	0	0	0
Refuse:	5	5	5	5	5	5	5	5	5

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2015/16, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2016/17 the water backlog will have been eliminated.

Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC077 Siyathemba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)									
Standard Classification Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard									
<i>Governance and administration</i>	16,925	19,662	21,639	24,857	24,066	24,066	27,038	28,851	30,718
Executive and council	618	1,098	721	635	705	705	673	713	752
Budget and treasury office	15,654	17,821	19,658	23,349	22,555	22,555	25,417	27,150	28,898
Corporate services	653	744	1,260	874	806	806	948	988	1,069
<i>Community and public safety</i>	414	418	520	809	891	891	1,016	1,647	1,898
Community and social services	378	378	478	749	831	831	950	1,577	1,824
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	35	40	41	60	60	60	66	70	74
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	13,584	13,845	14,404	13,953	29,358	29,358	11,167	11,424	11,913
Planning and development	-	-	-	-	-	-	-	-	-
Road transport	13,584	13,845	14,404	13,953	29,358	29,358	11,167	11,424	11,913
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	24,213	30,043	41,146	53,283	42,275	42,275	52,050	55,229	58,363
Electricity	9,328	12,333	14,946	26,644	23,276	23,276	31,966	33,852	35,713
Water	7,564	10,935	18,066	10,990	9,008	9,008	9,304	9,853	10,395
Waste water management	5,024	4,659	5,414	11,412	7,599	7,599	8,230	8,737	9,228
Waste management	2,298	2,115	2,721	4,237	2,392	2,392	2,550	2,788	3,026
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	55,136	63,968	77,709	92,902	96,590	96,590	91,271	97,151	102,892
Expenditure - Standard									
<i>Governance and administration</i>	24,250	29,500	29,305	43,727	36,431	36,431	37,486	39,716	42,116
Executive and council	4,816	7,395	11,669	7,813	6,620	6,620	8,492	9,118	9,535
Budget and treasury office	19,433	18,622	13,368	27,453	23,690	23,690	22,934	24,196	25,678
Corporate services	-	3,483	4,268	8,461	6,121	6,121	6,060	6,402	6,904
<i>Community and public safety</i>	2,425	2,252	3,015	3,969	3,942	3,942	4,422	5,265	5,739
Community and social services	444	862	920	1,359	1,290	1,290	1,600	2,264	2,547
Sport and recreation	962	1,383	2,082	2,604	2,646	2,646	2,815	2,994	3,185
Public safety	1,019	1	13	6	6	6	7	7	7
Housing	-	-	-	-	-	-	-	-	-
Health	-	7	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	4,593	9,574	8,633	13,073	9,954	9,954	11,291	11,863	12,590
Planning and development	4,593	-	-	-	-	-	-	-	-
Road transport	-	9,562	8,613	13,053	9,934	9,934	11,271	11,843	12,570
Environmental protection	-	12	21	20	20	20	20	20	20
<i>Trading services</i>	25,869	24,055	24,321	44,737	37,003	37,003	34,877	37,091	38,838
Electricity	13,816	10,574	13,307	20,607	20,107	20,107	17,088	18,080	19,114
Water	4,482	6,917	4,201	8,040	5,983	5,983	6,216	6,699	6,627
Waste water management	5,372	3,883	3,628	8,746	5,083	5,083	5,235	5,569	5,925
Waste management	2,199	2,681	3,185	7,343	5,829	5,829	6,338	6,743	7,171
Other	2	6	4	10	5	5	10	10	11
Total Expenditure - Standard	57,139	65,387	65,278	105,516	87,335	87,335	88,086	93,945	99,294
Surplus/(Deficit) for the year	(2,003)	(1,419)	12,431	(12,613)	9,256	9,256	3,185	3,206	3,598

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 4 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water, Waste water and the Waste management function. As already noted above, the municipality

will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC077 Siyathemba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote									
Vote 1 - EXECUTIVE AND COUNCIL	618	1,098	721	635	705	705	673	713	752
Vote 2 - BUDGET & TREASURY OFFICE	15,654	17,821	19,658	23,349	22,555	22,555	25,417	27,150	28,898
Vote 3 - CORPORATE SERVICES	561	2,354	2,754	2,811	2,730	2,730	3,396	4,328	4,920
Vote 4 - TECHNICAL & ENGINEERING SERVICES	38,302	42,695	54,576	66,108	70,600	70,600	61,786	64,961	68,323
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	55,136	63,968	77,709	92,902	96,590	96,590	91,271	97,151	102,892
Expenditure by Vote to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	4,819	7,402	11,669	7,813	6,620	6,620	8,492	9,118	9,535
Vote 2 - BUDGET & TREASURY OFFICE	19,433	18,622	13,368	27,453	23,690	23,690	22,934	24,196	25,678
Vote 3 - CORPORATE SERVICES	7,275	5,880	6,636	11,732	9,097	9,097	9,666	10,785	11,705
Vote 4 - TECHNICAL & ENGINEERING SERVICES	27,185	33,483	33,605	58,519	47,928	47,928	46,995	49,845	52,377
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	58,712	65,387	65,278	105,516	87,335	87,335	88,086	93,945	99,294
Surplus/(Deficit) for the year	(3,576)	(1,419)	12,431	(12,613)	9,256	9,256	3,185	3,206	3,598

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 16 Surplus/(Deficit) calculations for the trading services

Trading Services	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Electricity Income	7,399,000	8,969,000	14,946,000	24,166,000	23,276,000	23,276,000	31,966,000	33,852,000	35,713,000
Electricity Expenditure	13,816,000	11,819,000	13,307,000	20,455,000	20,107,000	20,107,000	17,088,000	18,080,000	19,114,000
Surplus / (Deficit)	6,417,000	2,850,000	1,639,000	3,711,000	3,169,000	3,169,000	14,878,000	15,772,000	16,599,000
Trading Services	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Water Income	6,596,000	10,305,000	18,066,000	8,924,000	9,008,000	9,008,000	9,304,000	9,853,000	10,395,000
Water Expenditure	4,482,000	4,489,000	4,201,000	5,557,000	5,983,000	5,983,000	6,216,000	6,699,000	6,627,000
Surplus / (Deficit)	2,114,000	5,816,000	13,865,000	3,367,000	3,025,000	3,025,000	3,088,000	3,154,000	3,768,000

The electricity trading surplus is deteriorating over the 2014/15 MTREF from This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.

The surplus on the water account remains relatively constant over the MTREF translating into a surplus.

Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and are not used to cross-subsidise other municipal services.

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC077 Siyathemba - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source									
Property rates	4,870	4,687	5,130	8,025	7,947	7,947	8,523	9,025	9,522
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	7,665	9,431	11,106	19,829	16,396	16,396	23,191	24,559	25,910
Service charges - water revenue	5,300	3,476	5,917	8,792	6,810	6,810	6,985	7,397	7,804
Service charges - sanitation revenue	3,016	2,304	2,790	7,588	3,776	3,776	4,215	4,484	4,741
Service charges - refuse revenue	873	650	1,062	2,500	655	655	723	853	985
Service charges - other	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment	545	705	622	801	823	823	880	917	993
Interest earned - external investments	71	186	314	350	350	350	400	424	447
Interest earned - outstanding debtors	621	1,336	597	320	500	500	350	371	391
Dividends received	—	—	—	—	—	—	—	—	—
Fines	31	65	54	146	51	51	401	601	801
Licences and permits	(36)	1	1	—	—	—	—	—	—
Agency services	(481)	1,127	920	983	983	983	1,032	1,093	1,153
Transfers recognised - operational	15,440	17,855	20,110	21,171	21,191	21,191	22,427	23,750	25,056
Other revenue	564	1,685	2,217	4,028	3,093	3,093	4,862	5,360	5,871
Gains on disposal of PPE	13	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)	38,493	43,508	50,839	74,532	62,574	62,574	73,988	78,834	83,674
Expenditure By Type									
Employee related costs	20,813	26,108	29,386	36,208	35,848	35,848	39,192	41,756	44,427
Remuneration of councillors	1,172	1,760	1,949	2,381	2,381	2,381	2,575	2,740	2,916
Debt impairment	6,607	2,345	6,322	3,165	3,165	3,165	3,194	3,542	3,647
Depreciation & asset impairment	9,305	9,182	—	10,588	10,588	10,588	11,105	11,547	12,286
Finance charges	7	447	1,034	757	767	767	792	792	843
Bulk purchases	7,243	9,459	11,262	17,684	17,684	17,684	14,189	15,203	16,053
Other materials	—	—	—	—	—	—	—	—	—
Contracted services	1,491	2,492	3,617	7,843	3,875	3,875	2,075	2,140	2,201
Transfers and grants	124	200	438	7,229	—	—	—	—	—
Other expenditure	11,927	13,387	11,269	19,661	13,026	13,026	14,963	16,224	16,922
Loss on disposal of PPE	—	—	—	—	—	—	—	—	—
Total Expenditure	58,689	65,380	65,278	105,516	87,335	87,335	88,086	93,945	99,294
Surplus/(Deficit)	(20,196)	(21,872)	(14,438)	(30,983)	(24,761)	(24,761)	(14,098)	(15,111)	(15,621)
Transfers recognised - capital	16,643	20,459	26,870	18,370	34,017	34,017	17,283	18,317	19,219
Contributions recognised - capital	—	—	—	—	—	—	—	—	—
Contributed assets	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	(3,553)	(1,413)	12,431	(12,613)	9,256	9,256	3,185	3,206	3,598
Taxation	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation	(3,553)	(1,413)	12,431	(12,613)	9,256	9,256	3,185	3,206	3,598
Attributable to minorities	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality	(3,553)	(1,413)	12,431	(12,613)	9,256	9,256	3,185	3,206	3,598
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	(3,553)	(1,413)	12,431	(12,613)	9,256	9,256	3,185	3,206	3,598

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R73.9 million in 2014/15 and escalates to R83.6million by 2016/17. This represents a year-on-year increase.
2. Revenue to be generated from property rates is R8.million in the 2013/14 financial year and increases to R9 .5million by 2016/17 which represents 13 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.5 per cent and 5.4per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R44.3 million for the 2014/15 financial year and increasing to R49.8million by 2016/17. For the 2014/15 financial year services charges amount to 45 per cent of the total revenue base. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by the percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. Bulk purchases have significantly increased over the 2010/11 to 2016/17 period escalating from R6, 4 million to R 16 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from DWAF.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

NC077 Siyathemba - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding									
Vote Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote									
<i>Multi-year expenditure to be appropriated</i>									
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY OFFICE	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL & ENGINEERING SERVICES	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-
<i>Single-year expenditure to be appropriated</i>									
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY OFFICE	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES	-	-	-	-	13,500	13,500	-	-	-
Vote 4 - TECHNICAL & ENGINEERING SERVICES	12,122	11,072	15,702	23,035	20,700	20,700	13,920	13,700	15,000
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	12,122	11,072	15,702	23,035	34,200	34,200	13,920	13,700	15,000
Total Capital Expenditure - Vote	12,122	11,072	15,702	23,035	34,200	34,200	13,920	13,700	15,000
Capital Expenditure - Standard									
<i>Governance and administration</i>	-	100	-	-	-	-	-	-	-
Executive and council									
Budget and treasury office		100							
Corporate services									
<i>Community and public safety</i>	-	-	2,136	-	13,500	13,500	-	-	-
Community and social services			2,136						
Sport and recreation									
Public safety									
Housing					13,500	13,500			
Health									
<i>Economic and environmental services</i>	4,958	6,452	-	4,542	4,542	4,542	5,000	6,000	6,500
Planning and development		4,135							
Road transport	4,958	2,317		4,542	4,542	4,542	5,000	6,000	6,500
Environmental protection									
<i>Trading services</i>	7,164	8,755	15,702	18,493	16,158	16,158	8,920	7,700	8,500
Electricity	-	1,634		6,635	4,300	4,300	920	1,200	1,500
Water	7,164	2,721			-	-	1,100		
Waste water management		4,400	11,712	11,858	11,858	11,858	6,900	6,500	7,000
Waste management			3,990		-	-			
<i>Other</i>									
Total Capital Expenditure - Standard	12,122	15,307	17,838	23,035	34,200	34,200	13,920	13,700	15,000
Funded by:									
National Government	12,122	15,307	13,008	20,635	34,200	34,200	13,920	13,700	15,000
Provincial Government									
District Municipality									
Other transfers and grants			4,830						
Transfers recognised - capital	12,122	15,307	17,838	20,635	34,200	34,200	13,920	13,700	15,000
Public contributions & donations									
Borrowing									
Internally generated funds									
Total Capital Funding	12,122	15,307	17,838	20,635	34,200	34,200	13,920	13,700	15,000

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R13.9million for the 2014/15 financial year and remains relatively constant over the MTREF at levels of R13.7 million and R15 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. All capital over the MTREF will be financed by Grants from National and Provincial government. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 19 MBRR Table A6 - Budgeted Financial Position

NC077 Siyathemba - Table A6 Budgeted Financial Position									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
ASSETS									
Current assets									
Cash	756	2,050	1,621	1	1	1	1	1	1
Call investment deposits	–	–	–	–	–	–	–	–	–
Consumer debtors	2,386	4,598	6,200	47,839	5,689	5,689	3,382	1,329	1,835
Other debtors	1,225	4,530	2,204	14,741	1,000	1,000	4,000	3,500	3,200
Current portion of long-term receivables	1,817	28	17	25	15	15	25	23	22
Inventory	219	319	610	332	500	500	332	332	332
Total current assets	6,403	11,525	10,652	62,937	7,205	7,205	7,739	5,185	5,389
Non current assets									
Long-term receivables	106	69	45	66	38	38	66	65	63
Investments	–	–	–	–	–	–	–	–	–
Investment property	–	–	–	–	–	–	–	–	–
Investment in Associate	–	–	–	–	–	–	–	–	–
Property, plant and equipment	254,382	260,499	283,885	342,560	276,215	276,215	276,215	278,770	279,752
Agricultural	–	–	–	–	–	–	–	–	–
Biological	–	–	–	–	–	–	–	–	–
Intangible	–	–	–	32	–	–	32	31	29
Other non-current assets	–	–	–	–	–	–	–	–	–
Total non current assets	254,488	260,568	283,931	342,658	276,253	276,253	276,314	278,866	279,845
TOTAL ASSETS	260,891	272,093	294,582	405,596	283,458	283,458	284,053	284,050	285,234
LIABILITIES									
Current liabilities									
Bank overdraft	579	726	–	–	–	–	–	–	–
Borrowing	47	314	520	415	520	520	415	478	549
Consumer deposits	450	483	548	340	550	550	–	–	–
Trade and other payables	9,928	17,046	13,525	21,018	12,500	12,500	11,000	9,000	7,000
Provisions	2,751	6,311	7,199	30	420	420	3,420	2,731	2,955
Total current liabilities	13,755	24,880	21,793	21,804	13,991	13,991	14,835	12,209	10,505
Non current liabilities									
Borrowing	–	2,197	–	1,420	1,561	1,561	1,420	942	393
Provisions	14,118	13,090	17,190	14,275	22,602	22,602	14,275	15,204	16,194
Total non current liabilities	14,118	15,287	17,190	15,695	24,163	24,163	15,695	16,147	16,587
TOTAL LIABILITIES	27,873	40,167	38,983	37,499	38,154	38,154	30,530	28,356	27,091
NET ASSETS	233,018	231,926	255,599	368,097	245,304	245,304	253,523	255,695	258,142
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	233,018	231,927	255,599	228,411	251,605	251,605	253,523	255,695	258,142
Reserves	–	–	–	–	–	–	–	–	–
Minorities' interests	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	233,018	231,927	255,599	228,411	251,605	251,605	253,523	255,695	258,142

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

NC077 Siyathemba - Table A7 Budgeted Cash Flows									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	30,859	17,881	8,710	39,329	39,329	39,329	49,329	53,068	56,316
Government - operating	18,265	22,339	14,606	27,798	21,171	21,171	27,798	29,927	30,166
Government - capital	13,819	16,103	46,939	18,300	18,370	18,370	18,300	9,708	9,821
Interest	692	1,515	314	350	300	300	350	400	450
Dividends									
Payments									
Suppliers and employees	(49,700)	(42,503)	(53,349)	(79,640)	(55,238)	(55,238)	(69,640)	(77,180)	(79,913)
Finance charges	(932)	(1,070)	(1,034)	(1,376)	(1,000)	(1,000)	(1,376)	(1,449)	(1,528)
Transfers and Grants	(101)	(6)	2,312	(813)			(813)	(500)	(500)
NET CASH FROM/(USED) OPERATING ACTIVITIES	12,902	14,259	18,498	3,947	22,931	22,931	23,947	13,974	14,812
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	(12,151)	(15,307)	(17,838)						
Decrease (increase) in non-current debtors			26						
Decrease (increase) other non-current receivables	9	11	17	3	3	3	3	3	3
Decrease (increase) in non-current investments									
Payments									
Capital assets				(23,035)	(23,035)	(23,035)	(23,035)	(13,658)	(12,921)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(12,142)	(15,296)	(17,795)	(23,032)	(23,032)	(23,032)	(23,032)	(13,655)	(12,918)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		(102)							
Borrowing long term/refinancing		2,262							
Increase (decrease) in consumer deposits	(44)	33	65						
Payments									
Repayment of borrowing			(471)	(361)	(520)	(520)	(361)	(415)	(478)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(44)	2,193	(406)	(361)	(520)	(520)	(361)	(415)	(478)
NET INCREASE/ (DECREASE) IN CASH HELD	716	1,156	297	(19,446)	(621)	(621)	554	(97)	1,416
Cash/cash equivalents at the year begin:	(569)	147	1,303	(4,284)	1,621	1,621	1,000	1,554	1,458
Cash/cash equivalents at the year end:	147	1,303	1,600	(23,730)	1,000	1,000	1,554	1,458	2,874

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality increased significantly over the 2009/10 to 2014/15 period owing directly to a net increase in cash for the financial year.
4. The approved 2014/15 MTREF provide for a further net increase in cash of R1 million for the 2014/15 financial year resulting in an overall projected positive cash position of R1.5 million at year end.
5. As part of the 2012/13 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition the Municipality undertook an extensive debt collection drive resulting in cash receipts on arrear debtors. These interventions translated into an expected net cash position of R1.million for the 2014/15 financial year and cash and cash equivalents totalled R1.1 million at year end.
7. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R1 million as at the end of the 2014/15 financial year and increases to R2.8 million by 2016/17.

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC077 Siyathemba - Table A8 Cash backed reserves/accumulated surplus reconciliation									
Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available									
Cash/cash equivalents at the year end	147	1,303	1,600	(23,730)	1,000	1,000	1,554	1,458	2,874
Other current investments > 90 days	30	21	21	23,731	(999)	(999)	(1,553)	(1,457)	(2,873)
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	177	1,324	1,621	1	1	1	1	1	1
Application of cash and investments									
Unspent conditional transfers	-	-	2,880	6,032	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-
Other working capital requirements	3,434	10,589	8,226	(31,491)	6,052	6,052	3,818	4,249	2,065
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	3,434	10,589	11,106	(25,459)	6,052	6,052	3,818	4,249	2,065
Surplus(shortfall)	(3,258)	(9,265)	(9,485)	25,460	(6,051)	(6,051)	(3,817)	(4,248)	(2,064)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2010/11 to 2014/15 the surplus escalating to R1.5million in the 2014/2015 financial year. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2014/15 MTREF was funded owing to the significant remaining surplus.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 22 MBRR Table A9 - Asset Management

NC077 Siyathemba - Table A9 Asset Management									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	12,122	15,308	17,838	11,177	11,177	11,177	13,920	13,700	15,000
Infrastructure - Road transport	4,958	2,317	-	4,542	4,542	4,542	5,000	6,000	6,500
Infrastructure - Electricity	-	1,634	-	6,635	6,635	6,635	920	1,200	1,500
Infrastructure - Water	7,164	2,721	-	-	-	-	1,100	-	-
Infrastructure - Sanitation	-	1,101	11,712	-	-	-	6,900	6,500	7,000
Infrastructure - Other	-	7,535	3,990	-	-	-	-	-	-
Infrastructure	12,122	15,308	15,702	11,177	11,177	11,177	13,920	13,700	15,000
Community	-	-	2,136	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure									
Infrastructure - Road transport	4,958	2,317	-	4,542	4,542	4,542	5,000	6,000	6,500
Infrastructure - Electricity	-	1,634	-	6,635	6,635	6,635	920	1,200	1,500
Infrastructure - Water	7,164	2,721	-	-	-	-	1,100	-	-
Infrastructure - Sanitation	-	1,101	11,712	-	-	-	6,900	6,500	7,000
Infrastructure - Other	-	7,535	3,990	-	-	-	-	-	-
Infrastructure	12,122	15,308	15,702	11,177	11,177	11,177	13,920	13,700	15,000
Community	-	-	2,136	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	12,122	15,308	17,838	11,177	11,177	11,177	13,920	13,700	15,000
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	4,958	2,317	-	4,542	4,542	4,542	5,000	6,000	6,500
Infrastructure - Electricity	-	1,634	-	6,635	6,635	6,635	920	1,200	1,500
Infrastructure - Water	7,164	2,721	-	-	-	-	1,100	-	-
Infrastructure - Sanitation	-	1,101	11,712	-	-	-	6,900	6,500	7,000
Infrastructure - Other	-	7,535	3,990	-	-	-	-	-	-
Infrastructure	12,122	15,308	15,702	11,177	11,177	11,177	13,920	13,700	15,000
Community	-	-	2,136	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	32	-	-	32	31	29
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	12,122	15,308	15,702	11,209	11,177	11,177	13,952	13,731	15,029
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	9,305	9,182	-	10,588	10,588	10,588	11,105	11,547	12,286
Repairs and Maintenance by Asset Class	3,111	2,414	3,094	3,690	2,944	2,944	3,141	3,145	3,514
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	3,111	2,414	3,094	3,690	2,944	2,944	3,141	3,145	3,514
TOTAL EXPENDITURE OTHER ITEMS	12,416	11,596	3,094	14,278	13,531	13,531	14,246	14,692	15,800
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE	1.2%	0.9%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.3%
Renewal and R&M as a % of PPE	26.0%	16.0%	20.0%	33.0%	26.0%	26.0%	23.0%	23.0%	23.0%

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Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations as the focus of resources is on new Basic service infrastructure and repair and maintenance amounts to 3 per cent.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

NC077 Siyathemba - Table A10 Basic service delivery measurement

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets									
<u>Water:</u>									
Piped water inside dwelling	2,621	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150
Piped water inside yard (but not in dwelling)	2,058	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Using public tap (at least min.service level)	238	—	—	—	—	—	—	—	—
Other water supply (at least min.service level)	—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total	4,917	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350
Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	—	—	—	—	—	—	—	—	—
No water supply	—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
Total number of households	4,917	5,350	5,350	5,350	5,350	5,350	5,350	5,350	5,350
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	4,000	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100
Flush toilet (with septic tank)	1,305	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Chemical toilet	—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)	776	776	776	776	776	776	776	776	776
Other toilet provisions (> min.service level)	—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total	6,081	6,226	6,226	6,226	6,226	6,226	6,226	6,226	6,226
Bucket toilet	205	205	205	205	205	205	205	205	205
Other toilet provisions (< min.service level)	—	—	—	—	—	—	—	—	—
No toilet provisions	335	335	335	335	335	335	335	335	335
Below Minimum Service Level sub-total	540	540	540	540	540	540	540	540	540
Total number of households	6,621	6,766	6,766	6,766	6,766	6,766	6,766	6,766	6,766
<u>Energy:</u>									
Electricity (at least min.service level)	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349
Electricity - prepaid (min.service level)	400	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total	4,749	4,349	4,349	4,349	4,349	4,349	4,349	4,349	4,349
Electricity (< min.service level)	233	120	120	233	233	233	233	233	233
Electricity - prepaid (< min. service level)	—	—	—	—	—	—	—	—	—
Other energy sources	—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total	233	120	120	233	233	233	233	233	233
Total number of households	4,982	4,469	4,469	4,582	4,582	4,582	4,582	4,582	4,582
<u>Refuse:</u>									
Removed at least once a week	5,069	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Minimum Service Level and Above sub-total	5,069	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Removed less frequently than once a week	—	—	—	—	—	—	—	—	—
Using communal refuse dump	5,069	5,069	5,069	5,069	5,069	5,069	5,069	5,069	5,069
Using own refuse dump	—	—	—	—	—	—	—	—	—
Other rubbish disposal	—	—	—	—	—	—	—	—	—
No rubbish disposal	—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total	5,069	5,069	5,069	5,069	5,069	5,069	5,069	5,069	5,069
Total number of households	10,138	10,069	10,069	10,069	10,069	10,069	10,069	10,069	10,069
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	2,452	2,452	2,452	2,452	2,452	2,452	2,758	2,758	2,758
Sanitation (free minimum level service)	2,452	2,452	2,452	2,452	2,452	2,452	2,758	2,758	2,758
Electricity/other energy (50kwh per household per month)	2,452	2,452	2,452	2,452	2,452	2,452	2,758	2,758	2,758
Refuse (removed at least once a week)	2,452	2,452	2,452	2,452	2,452	2,452	2,758	2,758	2,758
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	1,523	1,635	1,635	165	165	165	2,691	2,839	2,995
Sanitation (free sanitation service)	5,602	1,182	1,182	318	318	318	4,252	4,486	4,732
Electricity/other energy (50kwh per household per month)	1,142	1,119	1,119	2,004	2,004	2,004	303	320	338
Refuse (removed once a week)	—	—	140	140	140	140	2,027	2,139	2,256
Total cost of FBS provided (minimum social package)	8,267	3,936	4,075	2,627	2,627	2,627	9,273	9,783	10,321
Highest level of free service provided									
Property rates (R value threshold)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)	121	133	133	317,705	317,705	317,705	199	210	222
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)	44	47	4	—	—	—	1	1	1
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	—	—	—	—	—	—	—	—	—
Property rates (other exemptions, reductions and rebates)	—	—	2,789	2,789	2,789	2,789	2,946	3,111	3,285
Water	1,540	1,800	—	—	—	—	—	—	—
Sanitation	1,635	1,950	3,812	3,812	3,812	3,812	4,026	4,251	4,489
Electricity/other energy	1,182	1,500	2,119	2,119	2,119	2,119	2,237	2,363	2,495
Refuse	1,119	1,350	1,677	1,677	1,677	1,677	1,771	1,870	1,975
Municipal Housing - rental rebates	—	—	—	—	—	—	—	—	—
Housing - top structure subsidies	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Total revenue cost of free services provided (total social package)	5,476	6,600	10,398	10,398	10,398	10,398	10,980	11,595	12,244

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years' time. These households are largely found in 'reception areas' and will need to be moved to formal areas so that they can receive services.
 - b. Sanitation services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years' time.
 - c. Electricity services – backlog will be eradicated over the MTREF. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades.
 - d. Refuse services – backlog does not exist at this stage.
3. The budget provides for 2758 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase to 3782 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R10.9 million in 2014/15 increasing to R12.2 million in 2016/17. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget.

The IDP and Budget time schedule of the 2014-2015 budget cycle was approved by Council on 03 September 2013.

The table below reflects the IDP and budget time schedule.

Budget and IDP Key deadlines

By 30 November 2013	Revise the IDP Workshop with heads of department Ask inputs from the community (MSA & MFMA)
By 31 January 2014	Budget for salaries and wages Identify capital projects from the IDP (MSA & MFMA)
By 28 February 2014	Compile draft budget Set preliminary tariffs Review budget related policies

	Compile draft IDP Make cash flow projections Prepare and send Treasury questionnaires (MSA & MFMA)
By 31 March 2014	Table the draft budget Table the draft IDP (MFMA 16(2))
By 30 April 2014	Finalize the community participation process Consider Treasury and other input/ objections Finalize the PMS (Measurable Performance Objectives) Compile the SDBIP (MFMA 75 (Info on websites)) (MFMA 23 (Consultation on tabled budgets))
By 31 May 2014	Table the budget for adoption Table the SDBIP to be noted by council Adopt the budget Adopt the IDP Adopt amendments to budget related policies Mayor approved SDBIP MFMA 24 (Approval of Annual Budgets) MFMA 16 (Annual Budget)
By 30 June 2014	All performance management contracts completed and signed Prepare and send Treasury questionnaires (MSA & MFMA)

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
 - o Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
 - o The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2014/15 MTREF as tabled before Council on 31 March 2014 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 13 to 8 MAY 2014, and included 3 public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 200 were recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2014/15 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2014/15 MTREF compared to the draft 2014/15 MTREF that was tabled for community consultation, include:

- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2014, was factored into the proposed consumer tariffs, applicable from 1 July 2014. This resulted in an increase of 7.39 per cent;
- The 2015 Division of Revenue Bill (DORA) grant allocations were finalized and aligned to the gazetted allocations; and
- Funding was allocated to address metering discrepancies and unmetered premises.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 24 IDP Strategic Objectives

2013/14 Financial Year	2014/15 MTREF
1. Provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Economic growth and development that leads to sustainable job creation	2. Economic growth and development that leads to sustainable job creation
3. To effectively manage the revenue and expenditure functions of the municipality to implement an effective system of budgeting and in year reporting procedures	3. To effectively manage the revenue and expenditure functions of the municipality to implement an effective system of budgeting and in year reporting procedures
4. Promote sound governance Ensure financial sustainability Optimal institutional transformation to ensure capacity to achieve set objectives	4. Promote sound governance Ensure financial sustainability Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - o Provide electricity;
 - o Provide water;
 - o Provide sanitation;
 - o Provide waste removal;
 - o Provide housing;
 - o Provide roads and storm water;
 - o Provide Municipality planning services; and
 - o Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - o Ensuring there is a clear structural plan for the Municipality;
 - o Ensuring planning processes function in accordance with set timeframes;
 - o Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - o Effective implementation of the Indigent Policy;
 - o Working with the provincial department of health to provide primary health care services;
 - o Extending waste removal services and ensuring effective Municipality cleansing;
 - o Ensuring all waste water treatment works are operating optimally;
 - o Working with strategic partners such as SAPS to address crime;
 - o Ensuring safe working environments by effective enforcement of building and health regulations;
 - o Promote viable, sustainable communities through proper zoning; and
 - o Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - o Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
- 4. Foster participatory democracy and Siyathemba principles through a caring, accessible and accountable service by:
 - o Optimising effective community participation in the ward committee system; and
 - o Implementing Siyathemba in the revenue management strategy.
- 5.1 Promote sound governance through:
 - o Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - o Reviewing the use of contracted services
 - o Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - o Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC077 Siyathemba - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)											
Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Basic delivery	Waste Management		–	194	1,824						
Basic delivery	Planning and development		–	3,846	2,166						
Basic delivery	Housing						13,500	13,500			
Basic delivery	Sport and recreation										
Basic delivery	Waste Water Management						11,858	11,858	6,900	6,500	7,000
Basic delivery	Road transport		4,329	3,095	9,018						
Basic delivery	Electricity		2,058	2,912		6,635	4,300	4,300	920	1,200	1,500
Basic delivery	Water		–	6,777		11,858	4,542	4,542	1,100		
Basic delivery	Road transport		4,329			4,542	4,542	4,542	5,000	6,000	6,500
Basic delivery	All services		45,986	45,961	64,701	69,867	57,849	57,849	77,156	82,673	86,911

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC077 Siyathemba - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)											
Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
										</	

Table 27 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NC077 Siyathemba - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)											
Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Basic delivery	Waste Management	A	-	194	1,824						
Basic delivery	Planning and development	B	-	3,846	2,166						
Basic delivery	Housing	C					13,500	13,500			
Basic delivery	Sport and recreation	D									
Basic delivery	Waste Water Management	E					11,858	11,858	6,900	6,500	7,000
Basic delivery	Road transport	F	4,329	3,095	9,018						
Basic delivery	Electricity	G	2,058	2,912		6,635	4,300	4,300	920	1,200	1,500
Basic delivery	Water	H	-	6,777		11,858	4,542	4,542	1,100		
Basic delivery	Road transport	I	4,329			4,542	4,542	4,542	5,000	6,000	6,500
		J									
		K									
		L									
		M									
		N									
		O									
		P									
Allocations to other priorities											
Total Capital Expenditure			10,716	16,825	13,008	23,035	38,742	38,742	13,920	13,700	15,000

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative

requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

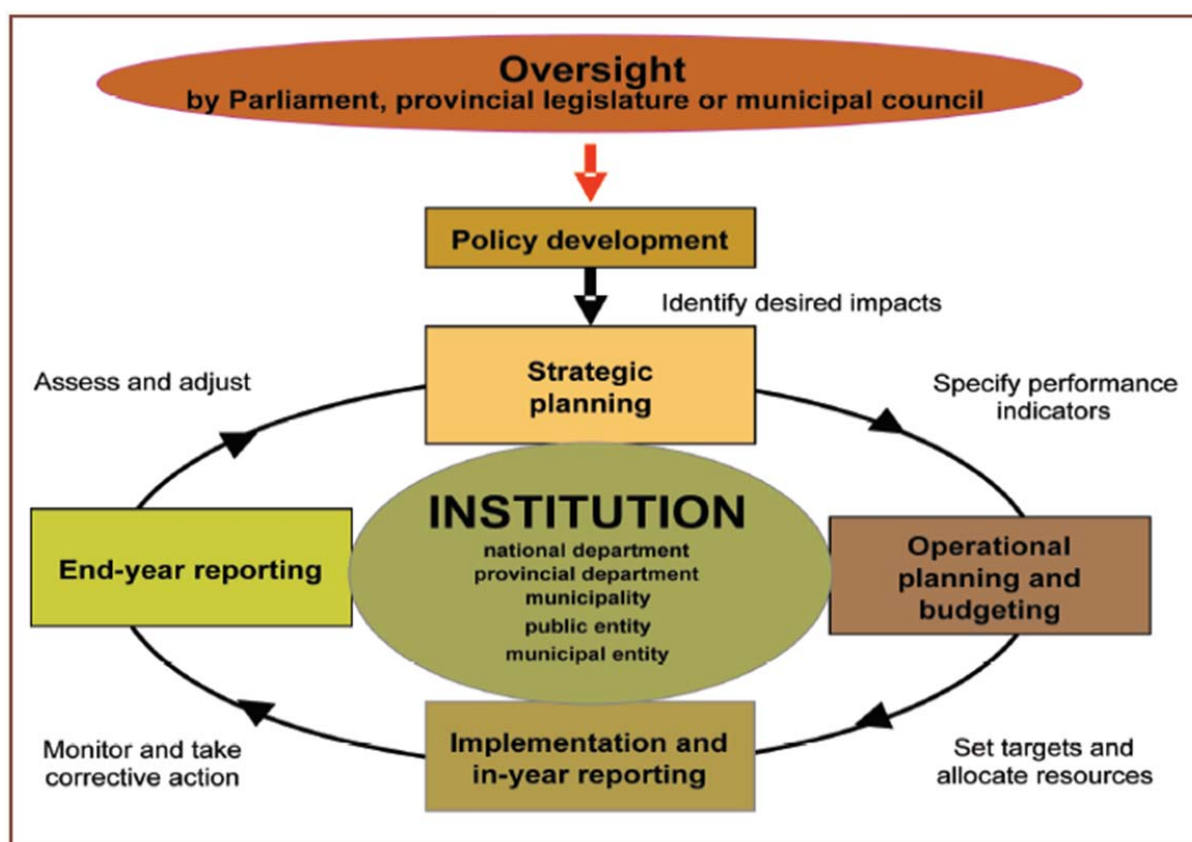


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

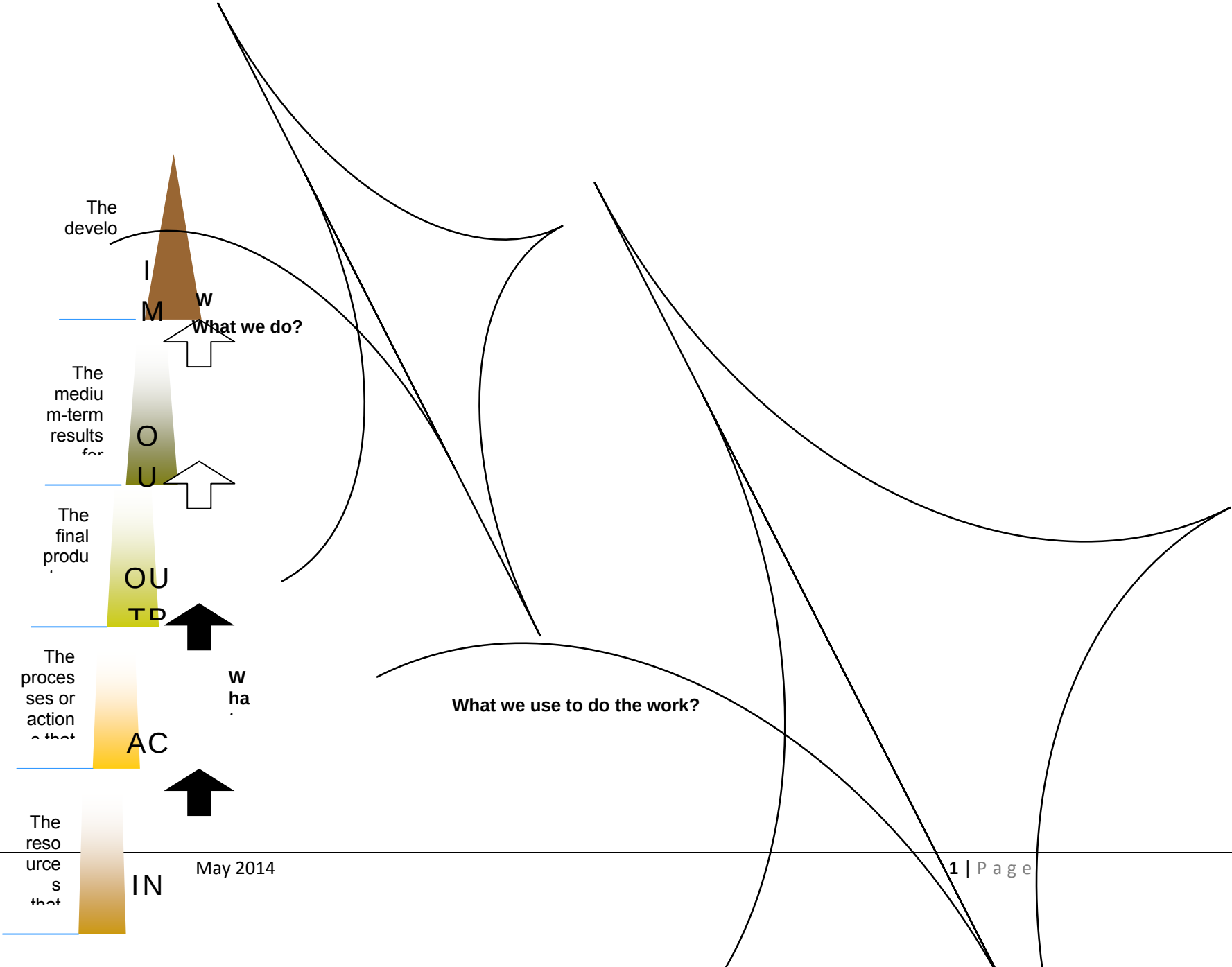


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 28 MBRR Table SA7 - Measurable performance objectives

NC077 Siyathemba - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))
2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities
3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

NC077 Siyathemba - Entities measureable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Entity 1 - (name of entity)										
Insert measure/s description										
Entity 2 - (name of entity)										
Insert measure/s description										
Entity 3 - (name of entity)										
Insert measure/s description										
And so on for the rest of the Entities										

1. Include a measurable performance objective as agreed with the parent municipality (MFMA s87(5)(d))
2. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table 29 MBRR Table SA8 - Performance indicators and benchmarks

NC077 Siyathemba - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Borrowing Management										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	0.0%	0.7%	2.3%	1.1%	1.5%	1.5%	1.3%	1.3%	1.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing / Own Revenue	0.0%	1.7%	4.9%	2.1%	3.1%	3.1%	2.2%	2.2%	2.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	-51.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity										
Current Ratio	Current assets/current liabilities	0.5	0.5	0.5	2.9	0.5	0.5	0.5	0.4	0.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.5	0.5	0.5	2.9	0.5	0.5	0.5	0.4	0.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Management										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		134.4%	70.3%	28.8%	74.2%	95.9%	95.9%	96.4%	97.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		134.4%	70.2%	28.6%	74.2%	95.8%	95.8%	96.4%	97.1%	96.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.4%	21.2%	16.7%	84.1%	10.8%	10.8%	10.1%	6.2%	6.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
Creditors Management										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))									
Creditors to Cash and Investments		5736.0%	1308.0%	665.3%	-63.2%	1249.9%	1249.9%	707.8%	617.5%	243.6%
Other Indicators										
Electricity Distribution Losses (2)	Total Volume Losses (kW)									
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Water Distribution Losses (2)	Total Volume Losses (kℓ)									
	Total Cost of Losses (Rand '000)									
	% Volume (units purchased and generated less units sold)/units purchased and generated									
Employee costs	Employee costs/(Total Revenue - capital revenue)	54.1%	60.0%	57.8%	48.6%	57.3%	57.3%	53.0%	53.0%	53.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	57.1%	64.1%	61.6%	51.8%	61.1%	61.1%	56.5%	56.4%	56.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8.1%	5.5%	6.1%	5.0%	4.7%	4.7%	4.2%	4.0%	4.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	24.2%	22.1%	2.0%	15.2%	18.1%	18.1%	16.1%	15.7%	15.7%
IDP regulation financial viability indicators										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	15.2	32.7	43.2	65.1	65.1	65.1	63.2	59.4	63.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	24.4%	43.1%	31.6%	131.7%	18.4%	18.4%	16.6%	10.3%	10.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.0	0.3	0.3	(3.8)	0.2	0.2	0.3	0.2	0.5

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Siyathemba Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans.

The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is zero per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.9 in the 2013/14 financial year and 2 and 1.9 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 1.9 and as part of the financial planning strategy it has been stabilized at 1.9 in the 2013/14 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has not managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/15 financial year 2758 registered indigents have been provided for in the budget with this figured to 2758 by 2016/17. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, sanitation and free waste removal equivalent to removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 44.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in October 2012 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 75 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, a payment incentive scheme has been implemented and has delivered significant results in the recovery of older debt.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted in June 2014 and will be effective from 1 July 2014.

2.4.5 Budget Policy

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget Policy was approved by Council in May 2011 and was amended on 30 May 2014 in respect of both Operating and Capital Budget Fund Transfers.

2.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy were amended by Council in May 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy have directly informed the compilation of the 2013/14 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2013/14 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);

- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

In regional context, this meant that the Siyathemba Municipality contributed 11.9% to the District population (i.e. the second largest Local M in the District by population) and 1.9% to the population of the Northern Cape. The most dominant population group is Coloured. This group represents 80% of the total population in the municipal area. The other groups are black (12%) and white (8%). Afrikaans is the most widely spoken language (78%). There are an insignificant number of people which speaks other languages. A total of 824 people indicated that IsiNdebele is their first language and 91 people speak Setswana.

For all persons aged 15-65, the employment status within the Siyathemba Municipal Area is as follows: 40% is employed, 33% is not economically active, and 23% is unemployed. During 2007, some 5,200 people in Siyathemba received social grants, which accounted for 11.9% of such grants in the District¹⁵. The most popular grant received by dependents in all four regions under observation was the Child Support Grant. In Siyathemba, around 2,600 people received this grant during 2007. In fact, the Child Support Grant made up 50.8% of all Social Grants received in Siyathemba, slightly lower than Pixley ka Seme, Northern Cape and South Africa during 2007. The second most popular Social Grant received by dependents in all four regions was Disability, followed by Old Age Pensions Grants. In Siyathemba, some 1,200 people received a Disability Grant, while about 1,400 received an Old Age Pension Grant during 2007.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2013/14 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and

- The increase in the cost of remuneration. Employee related costs comprise 35 per cent of total operating expenditure in the 2013/14 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

No credit rating have been done by the Municipality

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for Siyathemba Municipality the 2014/15 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2014/15 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (70 per cent) of annual billings. Cash flow is assumed to be 70 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

The collective agreement regarding salaries/wages that came into operation on 1 July 2012 ends on 30 June 2014. The new agreement has been reached and a provision of 7 per cent has been made.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 75 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 30 Breakdown of the operating revenue over the medium-term

NC077 Siyathemba - Table A1 Budget Summary			
Description	2014/15 Medium Term Revenue & Expenditure Framework		
R thousands	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance			
Property rates	8,523	9,025	9,522
Service charges	35,114	37,294	39,440
Investment revenue	400	424	447
Transfers recognised - operational	22,427	23,750	25,056
Other own revenue	7,525	8,341	9,209
Total Revenue (excluding capital transfers and contributions)	73,988	78,834	83,674

Figure 3 Breakdown of operating revenue over the 2014/15 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 70 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Table 31 MBRR SA15 – Detail Investment Information

Insignificant to the total budget

Table 32 MBRR SA16 – Investment particulars by maturity

Insignificant to the budget

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

Table 33 Sources of capital revenue over the MTREF

Figure 4 Sources of capital revenue for the 2014/15 financial year

Capital grants and receipts equate to 100 per cent of the total funding source and continue the same over the MTREF.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 34 MBRR Table SA 17 - Detail of borrowings

Insignificant to the budget. Only Loan Amounting to R5.26 million

Figure 5 Growth in outstanding borrowing (long-term liabilities)

Table 35 MBRR Table SA 18 - Capital transfers and grant receipts

<u>Capital Transfers and Grants</u>									
National Government:	-	-	-	18,300	18,300	18,300	11,708	9,702	9,929
Municipal Infrastructure (MIG)				11,800	11,800	11,800	9,708	9,702	9,929
Water Demand Management Grant (DWAF)									
Water Services Asset Management									
NER									
RBIG				6,500	6,500	6,500	2,000		
Vat Reclaimed									
Provincial Government:	-	-	-	-	-	-	-	-	-
Provincial Highways									
Library Grant									
Maintenance and Construction of Transport									
Housing Siyashala									
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
<i>Electrification funding</i>									
<i>Soccerfield</i>									
<i>Cmip Projects</i>									
<i>Dajosaphat Sintetiese Atletiekbaan</i>									
<i>Mbekweni Business Hive</i>									
<i>T/F: Toekenning vir Infrastruktuur Projek CWI</i>									
<i>Tarring of Sidewalks OR Tambo</i>									
<i>Upgrade of Taxi Ranks</i>									
<i>Berg River Pollution Study</i>									
<i>Herman Water Aansluiting</i>									
<i>Emergency Kits OR Thambo Informal Settlement</i>									
<i>Bulk Services Levy - Water & Sewerage</i>									
<i>Bulk Services Levy - Electricity</i>									
Total Capital Transfers and Grants	-	-	-	18,300	18,300	18,300	11,708	9,702	9,929

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 36 MBRR Table A7 - Budget cash flow statement

NC077 Siyathemba - Table A7 Budgeted Cash Flows									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	30,859	17,881	8,710	39,329	39,329	39,329	49,329	53,068	56,316
Government - operating	18,265	22,339	14,606	27,798	21,171	21,171	27,798	29,927	30,166
Government - capital	13,819	16,103	46,939	18,300	18,370	18,370	18,300	9,708	9,821
Interest	692	1,515	314	350	300	300	350	400	450
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(49,700)	(42,503)	(53,349)	(79,640)	(55,238)	(55,238)	(69,640)	(77,180)	(79,913)
Finance charges	(932)	(1,070)	(1,034)	(1,376)	(1,000)	(1,000)	(1,376)	(1,449)	(1,528)
Transfers and Grants	(101)	(6)	2,312	(813)	-	-	(813)	(500)	(500)
NET CASH FROM/(USED) OPERATING ACTIVITIES	12,902	14,259	18,498	3,947	22,931	22,931	23,947	13,974	14,812
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	(12,151)	(15,307)	(17,838)	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	26	-	-	-	-	-	-
Decrease (increase) other non-current receivables	9	11	17	3	3	3	3	3	3
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets				(23,035)	(23,035)	(23,035)	(23,035)	(13,658)	(12,921)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(12,142)	(15,296)	(17,795)	(23,032)	(23,032)	(23,032)	(23,032)	(13,655)	(12,918)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	(102)							
Borrowing long term/refinancing		2,262							
Increase (decrease) in consumer deposits	(44)	33	65						
Payments									
Repayment of borrowing			(471)	(361)	(520)	(520)	(361)	(415)	(478)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(44)	2,193	(406)	(361)	(520)	(520)	(361)	(415)	(478)
NET INCREASE/ (DECREASE) IN CASH HELD	716	1,156	297	(19,446)	(621)	(621)	554	(97)	1,416
Cash/cash equivalents at the year begin:	(569)	147	1,303	(4,284)	1,621	1,621	1,000	1,554	1,458
Cash/cash equivalents at the year end:	147	1,303	1,600	(23,730)	1,000	1,000	1,554	1,458	2,874

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 37 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC077 Siyathemba - Table A8 Cash backed reserves/accumulated surplus reconciliation									
Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available									
Cash/cash equivalents at the year end	147	1,303	1,600	(23,730)	1,000	1,000	1,554	1,458	2,874
Other current investments > 90 days	30	21	21	23,731	(999)	(999)	(1,553)	(1,457)	(2,873)
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	177	1,324	1,621	1	1	1	1	1	1
Application of cash and investments									
Unspent conditional transfers	-	-	2,880	6,032	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-
Other working capital requirements	3,434	10,589	8,226	(31,491)	6,052	6,052	3,818	4,249	2,065
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	3,434	10,589	11,106	(25,459)	6,052	6,052	3,818	4,249	2,065
Surplus(shortfall)	(3,258)	(9,265)	(9,485)	25,460	(6,051)	(6,051)	(3,817)	(4,248)	(2,064)

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 38 MBRR SA10 – Funding compliance measurement

						2014/15 Medium Term Revenue & Expenditure
--	--	--	--	--	--	---

[illegible]

Total Operating Revenue		38,437	46,683	50,839	74,532	62,574	62,574	73,988	78,834	83,674
Total Operating Expenditure		58,327	63,877	65,280	105,515	87,335	87,335	87,566	92,750	97,801
Operating Performance Surplus/(Deficit)		(19,890)	(17,194)	(14,440)	(30,983)	(24,761)	(24,761)	(13,577)	(13,915)	(14,127)
Cash and Cash Equivalents (30 June 2012)								1,554		
Revenue										
% Increase in Total Operating Revenue			21.5%	8.9%	46.6%	(16.0%)	0.0%	18.2%	6.5%	6.1%
% Increase in Property Rates Revenue			(3.8%)	9.5%	56.4%	(1.0%)	0.0%	7.2%	5.9%	5.5%
% Increase in Electricity Revenue			20.8%	59.7%	86.6%	(16.2%)	0.0%	27.8%	5.9%	5.5%
% Increase in Property Rates & Services Charges			(5.7%)	26.6%	79.7%	(23.9%)	0.0%	22.6%	6.1%	5.7%
Expenditure										
% Increase in Total Operating Expenditure			9.5%	2.2%	61.6%	(17.2%)	0.0%	0.3%	5.9%	5.4%
% Increase in Employee Costs			14.3%	20.2%	23.2%	(1.0%)	0.0%	8.4%	6.5%	6.3%
% Increase in Electricity Bulk Purchases			56.3%	28.8%	50.7%	0.0%	0.0%	(22.4%)	5.9%	5.5%
Average Cost Per Budgeted Employee Position (Remuneration)				157989.4722	197855.7378			212394.6541		
Average Cost Per Councillor (Remuneration)				243666.45	297605			321917.4		
R&M % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt Impairment % of Total Billable Revenue		23.1%	14.4%	23.7%	6.7%	8.7%	8.7%	7.2%	7.5%	7.3%
Capital Revenue										
Internally Funded & Other (R'000)		-	-	-	2,400	-	-	-	-	-
Borrowing (R'000)		-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		12,122	15,307	17,838	20,635	34,200	34,200	13,920	13,700	15,000
Internally Generated funds % of Non Grant Funding		0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		100.0%	100.0%	100.0%	89.6%	100.0%	100.0%	100.0%	100.0%	100.0%
Capital Expenditure										
Total Capital Programme (R'000)		12,122	15,307	17,838	23,035	34,200	34,200	13,920	13,700	15,000
Asset Renewal		-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash										
Cash Receipts % of Rate Payer & Other		125.8%	74.0%	28.6%	74.2%	95.8%	95.8%	96.4%	97.1%	96.8%
Cash Coverage Ratio		0	0	0	(0)	0	0	0	0	0
Borrowing										
Credit Rating (2009/10)								0		
Capital Charges to Operating		1.6%	1.7%	2.3%	1.1%	1.5%	1.5%	1.3%	1.3%	1.4%
Borrowing Receipts % of Capital Expenditure		0.0%	462576.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves										
Surplus/(Deficit)		(3,577)	(8,915)	(9,485)	25,460	(6,051)	(6,051)	(3,817)	(4,248)	(2,064)
Free Services										
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	12.4%	12.4%	12.4%	41.3%	40.5%	41.4%
Free Services as a % of Operating Revenue (excl operational transfers)		22.2%	27.1%	33.8%	19.5%	25.1%	25.1%	21.3%	21.0%	20.9%
High Level Outcome of Funding Compliance										
Total Operating Revenue		38,437	46,683	50,839	74,532	62,574	62,574	73,988	78,834	83,674
Total Operating Expenditure		58,327	63,877	65,280	105,515	87,335	87,335	87,566	92,750	97,801
Surplus/(Deficit) Budgeted Operating Statement		(19,890)	(17,194)	(14,440)	(30,983)	(24,761)	(24,761)	(13,577)	(13,915)	(14,127)
Surplus/(Deficit) Considering Reserves and Cash Backing		(23,467)	(26,109)	(23,926)	(5,524)	(30,812)	(30,812)	(17,394)	(18,164)	(16,191)
MTREF Funded (1) / Unfunded (0)		0	0	0	0	0	0	0	0	0
MTREF Funded ✓ / Unfunded ✗		✗	✗	✗	✗	✗	✗	✗	✗	✗

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2009/10 to 2014/2015, moving from 0.8 to (0.6) with the adopted 2014/15 MTREF. As part of the 2014/15 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then further to 2 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 5 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 12.1, 4.2 and 2.1 per cent for each of the respective financial years. Given

that the assumed collection rate was based on a 60 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly?

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 12.1, 4.5 and 2.1 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. Further details relating to the borrowing strategy of the Municipality can be found on page 66.

2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34C on page 90.

2.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 39 MBRR SA19 - Expenditure on transfers and grant programmes

NC077 Siyathemba - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	–	–	–	27,046	27,046	27,046	26,679	27,614	28,049
Local Government Equitable Share				21,171	21,171	21,171	22,445	24,197	24,931
Finance Management				1,650	1,650	1,650	1,800	1,950	2,100
Municipal Systems Improvement				890	890	890	934	967	1,018
Bucket Eradication				2,335	2,335	2,335	500	500	–
Expanded Public Works Programme				1,000	1,000	1,000	1,000		
Energy Efficiency and Demand Management									
Municipal Infrastructure (MIG)									
Vat Reclaimed									
Other transfers/grants [insert description]									
Provincial Government:	–	–	–	695	695	695	891	1,515	1,759
Housing									
Library Services Conditional Grant									
Finance Management									
Community Development Worker Operational Grant									
Housing Consumer Education									
Library Grant				695	695	695	891	1,515	1,759
Hiv Program									
Land for Provision of Industrial & Residential Purposes									
Public Transport infrastructure									
Provincial Highways									
Performance Management System									
Mbekweni Business Hive									
Sport facilities									
Soccerfield									
Greenest competition									
Swarberg street concrete bins									
Bergriver Pollution study									
District Municipality:	–	–	–	–	–	–	–	–	–
[insert description]									
Other grant providers:	–	–	–	–	–	–	–	–	–
Annual update of Water & Sewerage Masterplans									
Water Services Asset Management									
Annual update of WSDP									
Writing Festival									
Department of Water Affairs Feasibility Study									
Land for Prov of Industrial & Res Property									
Bulk water resources study									
Performance Management System									
Training Levy Grant									
Other transfers and grants [insert description]									
Cape Winelands - ID Campaign									
Stormwater Masterplan									
Nedbank Contractor Development Programme									
Abor city									
Water and Sewerage repairs									
Lottery									
Greenest Municipality									
Grants: Other									
Development of Sport and Recreation facilities									
Total operating expenditure of Transfers and Grants	–	–	–	27,741	27,741	27,741	27,570	29,129	29,808
Capital expenditure of Transfers and Grants									
National Government:	–	–	–	18,300	18,300	18,300	11,708	9,702	9,929
Municipal Infrastructure (MIG)				11,800	11,800	11,800	9,708	9,702	9,929
Water Demand Management Grant (DWAF)									
NER									
RBIG									
Vat Reclaimed				6,500	6,500	6,500	2,000		
0									
Provincial Government:	–	–	–	–	–	–	–	–	–
Provincial Highways									
Library Grant									
Maintenance and Construction of Transport									
Housing Siyashala									
District Municipality:	–	–	–	–	–	–	–	–	–
[insert description]									
Other grant providers:	–	–	–	–	–	–	–	–	–
Electrification funding									
Soccerfield									
Cmp Projects									
Dajosaphat Sintetiese Atletiekbaan									
Mbekweni Business Hive									
T/F: Toekenning vir Infrastruktuur Projek CWI									
Tarring of Sidewalks OR Tambo									
Upgrade of Taxi Ranks									
Berg River Pollution Study									
Hermon Water Aansluiting									
Emergency Kits OR Thambo Informal Settlement									
Bulk Services Levy - Water & Sewerage									
Bulk Services Levy - Electricity									
0									
0									
Total capital expenditure of Transfers and Grants	–	–	–	18,300	18,300	18,300	11,708	9,702	9,929
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	–	–	–	46,041	46,041	46,041	39,278	38,831	39,737

Table 40 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC077 Siyathemba - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	-	-	-	-	-	-	-	-	-
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	-	-	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS - CTBM	-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 41 MBRR SA22 - Summary of councillor and staff benefits

NC077 Siyathemba - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	1,172	1,296	1,531	1,866	1,866	1,866	2,016	2,145	2,282
Pension and UIF Contributions	-	45	45	40	40	40	45	48	51
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	372	319	360	360	360	390	415	442
Cellphone Allowance	-	44	54	110	110	110	120	128	136
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	3	1	5	5	5	5	5	5
Sub Total - Councillors	1,172	1,760	1,949	2,381	2,381	2,381	2,575	2,740	2,916
% increase		50.2%	10.8%	22.1%	-	-	8.2%	6.4%	6.4%
Senior Managers of the Municipality									
Basic Salaries and Wages	1,249	2,189	2,364	2,529	2,529	2,529	2,529	2,706	2,896
Pension and UIF Contributions	-	243	263	281	281	281	281	301	322
Medical Aid Contributions	-	208	225	241	241	241	241	257	275
Overtime	22	-	-	-	-	-	-	-	-
Performance Bonus	9	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	22	403	436	466	466	466	466	499	534
Cellphone Allowance	-	23	24	26	26	26	26	28	30
Housing Allowances	-	22	24	26	26	26	26	27	29
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	1,303	3,088	3,335	3,569	3,569	3,569	3,569	3,819	4,086
% increase		137.1%	8.0%	7.0%	-	-	-	7.0%	7.0%
Other Municipal Staff									
Basic Salaries and Wages	10,413	13,891	17,015	20,730	20,698	20,698	23,147	24,613	26,172
Pension and UIF Contributions	1,824	2,103	2,519	3,764	3,764	3,764	4,226	4,495	4,780
Medical Aid Contributions	747	286	268	376	376	376	427	452	480
Overtime	647	1,173	1,243	1,047	877	877	896	954	1,015
Performance Bonus	(9)	-	1	300	300	300	280	335	390
Motor Vehicle Allowance	625	518	514	1,309	1,235	1,235	1,089	1,156	1,227
Cellphone Allowance	-	(6)	14	11	11	11	29	31	32
Housing Allowances	83	56	36	171	129	129	183	195	207
Other benefits and allowances	4,706	2,701	2,303	2,941	2,899	2,899	3,225	3,446	3,637
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	474	316	345	279	279	279	300	321	342
Post-retirement benefit obligations	-	1,982	1,792	1,711	1,711	1,711	1,822	1,940	2,060
Sub Total - Other Municipal Staff	19,511	23,020	26,051	32,639	32,280	32,280	35,623	37,938	40,342
% increase		18.0%	13.2%	25.3%	(1.1%)	-	10.4%	6.5%	6.3%
Total Parent Municipality	21,985	27,868	31,335	38,588	38,229	38,229	41,768	44,496	47,343
		26.8%	12.4%	23.1%	(0.9%)	-	9.3%	6.5%	6.4%
Board Members of Entities									
Basic Salaries and Wages	-	-	-	-	-	-	-	-	-
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Board Fees	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities	-	-	-	-	-	-	-	-	-
% increase		-	-	-	-	-	-	-	-
Senior Managers of Entities									
Basic Salaries and Wages	-	-	-	-	-	-	-	-	-
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities	-	-	-	-	-	-	-	-	-
% increase		-	-	-	-	-	-	-	-
Other Staff of Entities									
Basic Salaries and Wages	-	-	-	-	-	-	-	-	-
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-
Cellphone Allowance	-	-	-	-	-	-	-	-	-
Housing Allowances	-	-	-	-	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-	-	-	-	-

NC077 Siyathemba - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

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Table 43 MBRR SA24 – summary of personnel numbers

NC077 Siyathemba - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		8	–	8	8	–	8	8	–	8
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	4	1	2	4	1	2	4	1	2
Other Managers	7	3	1	2	3	1	2	3	1	2
Professionals		39	24	11	39	24	11	39	24	11
Finance		21	13	4	21	13	4	21	13	4
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		18	11	7	18	11	7	18	11	7
Technicians		133	111	23	133	129	5	133	129	5
Finance										
Spatial/town planning										
Information Technology										
Roads		38	32	5	38	37	1	38	37	1
Electricity		17	11	5	17	16	1	17	16	1
Water		15	11	6	15	14	1	15	14	1
Sanitation		19	13	6	19	18	1	19	18	1
Refuse		17	17	1	17	17	1	17	17	1
Other		27	27		27	27		27	27	
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	187	137	46	187	155	28	187	155	28
% increase					–	13.1%	(39.1%)	–	–	–
Total municipal employees headcount	6, 10	187	137	46	187	155	28	187	155	28
Finance personnel headcount	8, 10	21	13	4	21	13	4	21	13	4
Human Resources personnel headcount	8, 10	1	1	1	1	1	1	1	1	1

2.9 Monthly targets for revenue, expenditure and cash flow

Table 44 MBRR SA25 - Budgeted monthly revenue and expenditure

NC077 Siyathemba - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source															
Property rates	710	710	710	710	710	710	710	710	710	710	710	710	8,523	9,025	9,522
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	1,933	1,933	1,933	1,933	1,933	1,933	1,933	1,933	1,933	1,933	1,933	1,933	23,191	24,559	25,910
Service charges - water revenue	582	582	582	582	582	582	582	582	582	582	582	582	6,985	7,397	7,804
Service charges - sanitation revenue	351	351	351	351	351	351	351	351	351	351	351	351	4,215	4,484	4,741
Service charges - refuse revenue	60	60	60	60	60	60	60	60	60	60	60	60	723	853	985
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	73	73	73	73	73	73	73	73	73	73	73	73	880	917	993
Interest earned - external investments	33	33	33	33	33	33	33	33	33	33	33	33	400	424	447
Interest earned - outstanding debtors	29	29	29	29	29	29	29	29	29	29	29	29	350	371	391
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	33	33	33	33	33	33	33	33	33	33	33	33	401	601	801
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	86	86	86	86	86	86	86	86	86	86	86	86	1,032	1,093	1,153
Transfers recognised - operational	1,869	1,869	1,869	1,869	1,869	1,869	1,869	1,869	1,869	1,869	1,869	1,869	22,427	23,750	25,066
Other revenue	405	405	405	405	405	405	405	405	405	405	405	405	4,862	5,360	5,871
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	6,166	6,166	6,166	6,166	6,166	6,166	6,166	6,166	6,166	6,166	6,166	6,166	73,988	78,834	83,674
Expenditure By Type															
Employee related costs	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,563	39,192	41,756	44,427
Remuneration of councillors	215	215	215	215	215	215	215	215	215	215	215	215	2,575	2,740	2,916
Debt impairment	266	266	266	266	266	266	266	266	266	266	266	266	3,194	3,542	3,647
Depreciation & asset impairment	925	925	925	925	925	925	925	925	925	925	925	925	11,105	11,547	12,286
Finance charges	66	66	66	66	66	66	66	66	66	66	66	66	792	792	843
Bulk purchases	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	14,189	15,203	16,053
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	173	173	173	173	173	173	173	173	173	173	173	173	2,075	2,140	2,201
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,427	14,963	16,224	16,922
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,817	88,086	93,945	99,294
Surplus/(Deficit)	(1,131)	(1,131)	(1,131)	(1,131)	(1,131)	(1,131)	(1,131)	(1,131)	(1,131)	(1,131)	(1,131)	(1,651)	(14,098)	(15,111)	(15,621)
Transfers recognised - capital	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,620	17,283	18,317	19,219
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	292	292	292	292	292	292	292	292	292	292	292	(32)	3,185	3,206	3,598
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	292	292	292	292	292	292	292	292	292	292	292	(32)	3,185	3,206	3,598

Table 45 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC077 Siyathemba - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote															
Vote 1 - EXECUTIVE AND COUNCIL	56	56	56	56	56	56	56	56	56	56	56	56	673	713	752
Vote 2 - BUDGET & TREASURY OFFICE	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	25,417	27,150	28,898
Vote 3 - CORPORATE SERVICES	267	267	267	267	267	267	267	267	267	267	267	267	3,396	4,328	4,920
Vote 4 - TECHNICAL & ENGINEERING SERVICES	5,149	5,149	5,149	5,149	5,149	5,149	5,149	5,149	5,149	5,149	5,149	5,149	61,786	64,961	68,323
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-
Total Revenue by Vote	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,786	91,271	97,151	102,892
Expenditure by Vote to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL	56	56	56	56	56	56	56	56	56	56	56	7,875	8,492	9,118	9,535
Vote 2 - BUDGET & TREASURY OFFICE	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	(365)	22,934	24,196	25,678
Vote 3 - CORPORATE SERVICES	267	267	267	267	267	267	267	267	267	267	267	6,733	9,666	10,785	11,705
Vote 4 - TECHNICAL & ENGINEERING SERVICES	5,149	5,149	5,149	5,149	5,149	5,149	5,149	5,149	5,149	5,149	5,149	(9,642)	46,995	49,845	52,377
Vote 5 - [NAME OF VOTE 5]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-
Total Expenditure by Vote	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	4,600	88,086	93,945	99,294
Surplus/(Deficit) before assoc.	-	-	-	-	-	-	-	-	-	-	-	3,185	3,185	3,206	3,598
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-	-	3,185	3,185	3,206	3,598

Table 46 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC077 Siyathemba - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

													Medium Term Revenue and Expenditure Framework			
Description		Budget Year 2014/15														
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard																
Governance and administration		2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	27,038	28,851	30,718
Executive and council		56	56	56	56	56	56	56	56	56	56	56	56	673	713	752
Budget and treasury office		2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	25,417	27,150	28,898
Corporate services		79	79	79	79	79	79	79	79	79	79	79	79	948	988	1,069
Community and public safety		68	68	68	68	68	68	68	68	68	68	68	68	1,016	1,647	1,898
Community and social services		63	63	63	63	63	63	63	63	63	63	63	259	950	1,577	1,824
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		6	6	6	6	6	6	6	6	6	6	6	6	66	70	74
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		931	931	931	931	931	931	931	931	931	931	931	931	11,167	11,424	11,913
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		931	931	931	931	931	931	931	931	931	931	931	931	11,167	11,424	11,913
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	52,050	55,229	58,363
Electricity		2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	31,966	33,852	35,713
Water		775	775	775	775	775	775	775	775	775	775	775	775	9,304	9,853	10,395
Waste water management		686	686	686	686	686	686	686	686	686	686	686	686	8,230	8,737	9,228
Waste management		212	212	212	212	212	212	212	212	212	212	212	212	2,550	2,788	3,026
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,786	91,271	97,151	102,892
Expenditure - Standard																
Governance and administration		2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	2,253	12,701	37,486	39,716	42,116
Executive and council		56	56	56	56	56	56	56	56	56	56	56	7,875	8,492	9,118	9,535
Budget and treasury office		2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	(365)	22,934	24,196	25,678
Corporate services		79	79	79	79	79	79	79	79	79	79	79	5,191	6,060	6,402	6,904
Community and public safety		68	68	68	68	68	68	68	68	68	68	68	3,671	4,422	5,265	5,739
Community and social services		63	63	63	63	63	63	63	63	63	63	63	909	1,600	2,264	2,547
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	2,815	2,815	2,994	3,185
Public safety		-	-	-	-	-	-	-	-	-	-	-	7	7	7	7
Housing		6	6	6	6	6	6	6	6	6	6	6	(61)	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		931	931	931	931	931	931	931	931	931	931	931	1,054	11,291	11,863	12,590
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		931	931	931	931	931	931	931	931	931	931	931	1,034	11,271	11,843	12,570
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	20	20	20	20
Trading services		4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	(12,836)	34,877	37,091	38,838
Electricity		2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	2,664	(12,214)	17,088	18,080	19,114
Water		775	775	775	775	775	775	775	775	775	775	775	(2,313)	6,216	6,699	6,627
Waste water management		686	686	686	686	686	686	686	686	686	686	686	(2,310)	5,235	5,569	5,925
Waste management		212	212	212	212	212	212	212	212	212	212	212	4,001	6,338	6,743	7,171
Other		-	-	-	-	-	-	-	-	-	-	-	10	10	10	11
Total Expenditure - Standard		7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	4,600	88,086	93,945	99,294
Surplus/(Deficit) before assoc.		-	-	-	-	-	-	-	-	-	-	-	3,185	3,185	3,206	3,598
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		-	-	-	-	-	-	-	-	-	-	-	3,185	3,185	3,206	3,598

Table 47 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC077 Siyathemba - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)															
Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL													-	-	-
Vote 2 - BUDGET & TREASURY OFFICE													-	-	-
Vote 3 - CORPORATE SERVICES													-	-	-
Vote 4 - TECHNICAL & ENGINEERING SERVICES													-	-	-
Vote 5 -													-	-	-
Vote 6 - [NAME OF VOTE 6]													-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL													-	-	-
Vote 2 - BUDGET & TREASURY OFFICE													-	-	-
Vote 3 - CORPORATE SERVICES													-	-	-
Vote 4 - TECHNICAL & ENGINEERING SERVICES	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,920	13,700	15,000
Vote 5 -													-	-	-
Vote 6 - [NAME OF VOTE 6]													-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-
Capital single-year expenditure sub-total	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,920	13,700	15,000

Table 48 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC077 Siyathemba - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)															
Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Capital Expenditure - Standard															
<i>Governance and administration</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	417	417	417	417	417	417	417	417	417	417	417	417	5,000	6,000	6,500
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	417	417	417	417	417	417	417	417	417	417	417	417	5,000	6,000	6,500
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	743	743	743	743	743	743	743	743	743	743	743	743	8,920	7,700	8,500
Electricity	77	77	77	77	77	77	77	77	77	77	77	77	920	1,200	1,500
Water	92	92	92	92	92	92	92	92	92	92	92	92	1,100	-	-
Waste water management	575	575	575	575	575	575	575	575	575	575	575	575	6,900	6,500	7,000
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,920	13,700	15,000
Funded by:															
National Government	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,920	13,700	15,000
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,920	13,700	15,000
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,920	13,700	15,000

Table 49 MBRR SA30 - Budgeted monthly cash flow

NC077 Siyathemba - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Cash Receipts by Source															
Property rates	710	710	710	710	710	710	710	710	710	710	710	710	8,523	9,025	9,522
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	1,958	1,958	1,958	1,958	1,958	1,958	1,958	1,958	1,958	1,958	1,958	1,958	23,494	24,881	26,249
Service charges - water revenue	806	806	806	806	806	806	806	806	806	806	806	806	9,676	10,247	10,810
Service charges - sanitation revenue	706	706	706	706	706	706	706	706	706	706	706	706	8,467	8,987	9,491
Service charges - refuse revenue	229	229	229	229	229	229	229	229	229	229	229	229	2,750	3,000	3,250
Service charges - other	(773)	(773)	(773)	(773)	(773)	(773)	(773)	(773)	(773)	(773)	(773)	(773)	(9,273)	(9,820)	(10,360)
Rental of facilities and equipment	73	73	73	73	73	73	73	73	73	73	73	73	880	917	993
Interest earned - external investments	33	33	33	33	33	33	33	33	33	33	33	33	400	424	447
Interest earned - outstanding debtors	29	29	29	29	29	29	29	29	29	29	29	29	360	371	391
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	33	33	33	33	33	33	33	33	33	33	33	33	401	601	801
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	86	86	86	86	86	86	86	86	86	86	86	86	1,032	1,093	1,153
Transfer receipts - operational	1,869	1,869	1,869	1,869	1,869	1,869	1,869	1,869	1,869	1,869	1,869	1,869	22,427	23,750	25,056
Other revenue	405	405	405	405	405	405	405	405	405	405	405	405	4,862	5,360	5,871
Cash Receipts by Source	6,166	6,166	6,166	6,166	6,166	6,166	6,166	6,166	6,166	6,166	6,166	6,166	73,988	78,834	83,674
Other Cash Flows by Source															
Transfer receipts - capital	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	1,424	17,087	17,538	18,237
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	7,590	91,075	96,372	101,910
Cash Payments by Type															
Employee related costs	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	38,868	41,381	43,997
Remuneration of councillors	215	215	215	215	215	215	215	215	215	215	215	215	2,575	2,740	2,916
Finance charges	266	266	266	266	266	266	266	266	266	266	266	266	3,194	3,542	3,647
Bulk purchases - Electricity	925	925	925	925	925	925	925	925	925	925	925	925	11,105	11,547	12,286
Bulk purchases - Water & Sewer	66	66	66	66	66	66	66	66	66	66	66	66	792	792	843
Other materials	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	14,169	15,203	16,053
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other municipalities	173	173	173	173	173	173	173	173	173	173	173	173	2,075	2,140	2,201
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	14,767	15,404	15,859
Cash Payments by Type	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	87,566	92,750	97,801
Other Cash Flows/Payments by Type															
Capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	7,297	87,566	92,750	97,801
NET INCREASE(DECREASE) IN CASH HELD	292	292	292	292	292	292	292	292	292	292	292	292	3,510	3,623	4,110
Cash/cash equivalents at the month/year begin:	1,000	1,292	1,585	1,877	2,170	2,462	2,755	3,047	3,340	3,632	3,925	4,217	1,000	4,510	8,132
Cash/cash equivalents at the month/year end:	1,292	1,585	1,877	2,170	2,462	2,755	3,047	3,340	3,632	3,925	4,217	4,510	4,510	8,132	12,242

2.10 Annual budgets and SDBIPs – internal departments

The draft SDBIP is attached

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 50 MBRR SA 34a - Capital expenditure on new assets by asset class

NC077 Siyathemba - Supporting Table SA34a Capital expenditure on new assets by asset class									
Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	12,122	15,308	15,702	11,177	11,177	11,177	13,920	13,700	15,000
Infrastructure - Road transport	4,958	2,317	-	4,542	4,542	4,542	5,000	6,000	6,500
Roads, Pavements & Bridges	4,958	2,317	-	4,542	4,542	4,542	5,000	6,000	6,500
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	1,634	-	6,635	6,635	6,635	920	1,200	1,500
Generation	-	1,634	-	6,635	6,635	6,635	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	920	1,200	1,500
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	7,164	2,721	-	-	-	-	1,100	-	-
Dams & Reservoirs	7,164	2,721	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	1,100	-	-
Infrastructure - Sanitation	-	1,101	11,712	-	-	-	6,900	6,500	7,000
Reticulation	-	1,101	-	-	-	-	6,900	6,500	7,000
Sewerage purification	-	-	11,712	-	-	-	-	-	-
Infrastructure - Other	-	7,535	3,990	-	-	-	-	-	-
Waste Management	-	7,535	3,990	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	-	-	2,136	-	-	-	-	-	-
Parks & gardens	-	-	2,136	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
General vehicles	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	12,122	15,308	17,838	11,177	11,177	11,177	13,920	13,700	15,000
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

Table 51 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

None

Table 52 MBRR SA34c - Repairs and maintenance expenditure by asset class

NC077 Siyathemba - Supporting Table SA34c Repairs and maintenance expenditure by asset class									
Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges									
Storm water									
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Generation									
Transmission & Reticulation									
Street Lighting									
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Dams & Reservoirs									
Water purification									
Reticulation									
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Reticulation									
Sewerage purification									
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
Community	-	-	-	-	-	-	-	-	-
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	-	-	-	-	-	-	-	-	-
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
Total Repairs and Maintenance Expenditure	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									
R&M as a % of PPE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as % Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 53 MBRR SA36 - Detailed capital budget per municipal vote

NC077 Siyathemba - Supporting Table SA36 Detailed capital budget															
Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
R thousand				6	3	3	5								
Parent municipality: List all capital projects grouped by Municipal Vote															
Parent Capital expenditure															
Entities: List all capital projects grouped by Entity															
Entity A Water project A															
Entity B Electricity project B															
Entity Capital expenditure															
Total Capital expenditure															

Table 54 MBRR SA37 - Projects delayed from previous financial year

None

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
3. Audit Committee
An Audit Committee has been established and is fully functional.
4. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.
5. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.1.4 Other supporting documents

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

NC077 Siyathemba - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'									
Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
ASSETS									
<u>Call investment deposits</u>									
Call deposits < 90 days									
Other current investments > 90 days									
Total Call investment deposits	-	-	-	-	-	-	-	-	-
<u>Consumer debtors</u>									
Consumer debtors	18,386	23,598	6,200	25,611	40,000	40,000	25,611	25,936	29,159
Less: Provision for debt impairment	(16,000)	(19,000)		22,228	(34,310)	(34,310)	(22,228)	(24,607)	(27,325)
Total Consumer debtors	2,386	4,598	6,200	47,839	5,689	5,689	3,382	1,329	1,835
<u>Debt impairment provision</u>									
Balance at the beginning of the year							19,868	22,228	24,607
Contributions to the provision							3,165	3,194	3,542
Bad debts written off							(805)	(815)	(825)
Balance at end of year	-	-	-	-	-	-	22,228	24,607	27,325
<u>Property, plant and equipment (PPE)</u>									
PPE at cost/valuation (excl. finance leases)	254,382	260,499	283,885	342,560	276,215	276,215	342,560	356,219	369,142
Leases recognised as PPE							-	-	-
Less: Accumulated depreciation							66,345	77,449	89,390
Total Property, plant and equipment (PPE)	254,382	260,499	283,885	342,560	276,215	276,215	276,215	278,770	279,752
LIABILITIES									
<u>Current liabilities - Borrowing</u>									
Short term loans (other than bank overdraft)	(453)	314		-	0	0	-	-	-
Current portion of long-term liabilities	500		520	415	520	520	415	478	549
Total Current liabilities - Borrowing	47	314	520	415	520	520	415	478	549
<u>Trade and other payables</u>									
Trade and other creditors	8,428	17,046	10,645	14,986	12,500	12,500	11,000	9,000	7,000
Unspent conditional transfers	-		2,880	6,032			-	-	-
VAT	1,500			-			-	-	-
Total Trade and other payables	9,928	17,046	13,525	21,018	12,500	12,500	11,000	9,000	7,000
<u>Non current liabilities - Borrowing</u>									
Borrowing	-	2,197		1,420	1,561	1,561	1,420	942	393
Finance leases (including PPP asset element)	-			-			-	-	-
Total Non current liabilities - Borrowing	-	2,197	-	1,420	1,561	1,561	1,420	942	393
<u>Provisions - non-current</u>									
Retirement benefits			6,207	9,684	16,301	16,301	9,684	10,297	10,950
List other major provision items									
Refuse landfill site rehabilitation			2,081	3,338	4,500	4,500	3,338	3,656	3,994
Other	14,118	13,090	8,902	1,252	1,800	1,800	1,252	1,251	1,250
Total Provisions - non-current	14,118	13,090	17,190	14,275	22,602	22,602	14,275	15,204	16,194
CHANGES IN NET ASSETS									
<u>Accumulated Surplus/(Deficit)</u>									
Accumulated Surplus/(Deficit) - opening balance							234,025	238,368	255,843
GRAP adjustments									
Restated balance	-	-	-	-	-	-	234,025	238,368	255,843
Surplus/(Deficit)	(1,625)	(1,091)	12,429	(12,613)	9,256	9,256	3,510	3,623	4,110
Appropriations to Reserves									
Transfers from Reserves									
Depreciation offsets									
Other adjustments									
Accumulated Surplus/(Deficit)	(1,625)	(1,091)	12,429	(12,613)	9,256	9,256	237,535	241,991	259,953
<u>Reserves</u>									
Housing Development Fund									
Capital replacement									
Self-insurance									
Other reserves									
Revaluation									
Total Reserves	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	(1,625)	(1,091)	12,429	(12,613)	9,256	9,256	237,535	241,991	259,953
Total capital expenditure includes expenditure on nationally significant priorities:									
Provision of basic services									

Table 56 MBRR SA32 – List of external mechanisms

None

I JRM Alexander, in my capacity as Municipal Manager of Siyathemba Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Municipal manager of Siyathemba Municipality (NC077)

Date _____